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10 December 1984

WEST EUROPE REPORT

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UGT, CCOO MOBILIZE ANTI-NATO REFERENDUM CAMPAIGN

Madrid DIARIO 16 in Spanish 22 Oct 84 p 9

[Text] Madrid--The federal committee of the State Federation of Lumber, Construction and Related Trades Workers of the UGT [General Union of Workers] (FEMCA-UGT), the highest body among the congresses, has agreed in a meeting held this week in Madrid to carry on "an active campaign in favor of Spain leaving NATO and for the dismantling of foreign bases which exist in our country."

During the meeting, the committee ratified the agreements of the FEMCA and UGT congresses on the subject of international policy. On this subject: "FEMCA-UGT demands that the nation's government call a referendum on the topic of Spain remaining in NATO," in which they will carry on an active campaign against NATO and in favor of dismantling the bases. Furthermore, the CCOO [Workers' Commissions] will carry out a referendum next Tuesday the 23rd inside the principal Tarragon businesses, with the aim of sounding out the opinions of the workers as to whether or not Spain should leave NATO, as our Tarragon correspondent Elias Pujol informed us.

This referendum is at first expected to be carried on in these businesses: Enpetrol, Juan XXIII Hospital, Juntas de Obras del Puerto, Cubiertas y Mazas and Constructora Internacional. Three questions will be put to the workers. In the first they are to indicate whether or not they agree that Spain should get out of NATO. In the second they are asked if they want the Spanish state to be neutral, and in the third whether they reject the arms build-up policy and if they are against having U.S. bases on Spanish territory.

Along with this, CCOO expects to carry out a series of informative assemblies on this subject in other companies on the same day, so as to make the workers aware of this problem.

"This topic is extremely important, because for the first time the subject of NATO and the topic of the arms build-up policy--which we believe is the Achilles heel of the general policy which the PSOE [Spanish Socialist Workers Party] is carrying out--will be brought inside the factories, into the workplaces, and for the first time the workers are going to debate such important topics as the arms build-up policy and the presence of Spain in NATO," Antonio Buendia, one of the Tarragon leaders of the CCOO, declared in a press conference.

Furthermore, it should be stated that the communist union has already begun the announced mobilization, and that they have the economic and social agreements as a background. To this effect, the CCOO is preparing a demonstration to be carried out in the streets of Tarragon on this same day, 23 October.

The CCOO leaders already began their campaign of raising the awareness of the citizens last Friday, because they want to gather together the largest possible number of persons. In this demonstration they want to condemn the policy of the government, "and demand that the socialist government carry out its election promises."

8131

CSO: 3548/26

STATE OF INTERNAL, INTERNATIONAL PLAY ON NATO ISSUE

Madrid DIARIO 16 in Spanish 30 Oct 84 p 10

[Article by Antxon Sarasqueta: "The Lines Are Drawn"]

[Text] After the formal statement of Prime Minister Felipe Gonzalez in favor of Spain's remaining in the Atlantic Alliance, reactions at home and abroad have been pouring forth with some urgency. The first reactions have come from Moscow and Washington, which demonstrates the importance of the key moves at stake in the European chess game.

In Spain, the leaders of the opposition, Miguel Roca and Manuel Frag, whose assistance in forming a consensus was sought by Felipe Gonzalez, have opposed the holding of the promised referendum. In the light of this development, Prime Minister Gonzalez is preparing to open discussions in early November with Peoples' Coalition, the nationalists and the communists; however, the position of these two is as inflexible as that of the first two, except that they are on opposite sides.

Actually the positions have already been laid out, and the maneuvering is focused only on two objectives: for the Center and the Right it is opposition to the referendum; for Felipe Gonzalez, it is gaining the formal support of Parliament in favor of remaining in NATO, as he goes into the 30th Congress of the PSOE [Spanish Socialist Party] in December.

In the European and international context, one need only review the news files to recall the praises and assurances of support expressed by the top leaders of the Kremlin to Felipe Gonzalez and the PSOE, when he visited Moscow in December 1977, advocating a position opposed to Spain's membership in NATO and the exacerbation of bloc rivalries. Today the Soviet government feels itself "betrayed" by Gonzalez and his colleagues in the socialist government, and its reaction has not been long in coming from the Soviet media, and in a most caustic fashion from the TASS agency, through one of its top officials.

Almost at the same time, over the last weekend, the commander in chief of NATO, Bernard Rogers, declared that the anti-NATO/pro-referendum campaign in Spain would indeed be intense, and he accused the Soviets of meddling. Washington and the West European capitals have expressed their satisfaction

to the Spanish prime minister for the decision taken, and, to judge from their statements, they are offering full support to Spain in its quest for European integration.

Within our borders, the opposition of the Right is preparing to fight the campaign, and to wrap up Felipe Gonzalez in their Atlanticist process. In line with Manuel Fraga's approach in this NATO matter ("I shall help Felipe get himself out of the mess he has gotten himself into"), the request for assistance in forming a coalition made by Gonzalez has received a favorable response, because it is now clear that the socialist prime minister has finally accepted the position of the former. Fraga and Roca contributed with their votes in the previous legislature to the achievement of the absolute majority for Spanish adherence to the Atlantic Treaty.

Roca and Fraga will also explain the reasons--they have already begun to do so--why the holding of the referendum will be extremely difficult in view of the fact that Parliament ratified the decision 3 years ago.

Roca and Fraga have failed thus far to make an ideological exposition of their Atlanticist position vis-a-vis Gonzalez's arguments, explaining his change of position because NATO means "peace, security and balance." The president went so far as to say that it also meant the defense of "certain values."

12383

CSO: 3548/34

NORDIC COUNTRIES WORRIED ABOUT NEW WAVE OF REFUGEES

Increase in Asylum Seekers

Stockholm SVENSKA DAGBLADET in Swedish 31 Oct 84 p 41

[Text] As the gap between rich and poor countries becomes wider and wider, the attraction of the rich countries for those who no longer see any future in their own countries rises along with it. The difficult situation faced by millions of refugees in the world has led increasing numbers to turn to the western democracies. But the competition for refuge has become stiffer now that Europe no longer needs labor.

Sweden's refugee policy is the subject of heated debate each time large groups seek asylum here and many are rejected. But Sweden is not the only Nordic country that has felt increasing pressure from people seeking asylum. Denmark has taken in 2,000 Iranians and Iraqis in a short period of time. The Danish laws are very generous, no one is turned away at the border and everyone has a right to have his case reviewed. The Danish minister of justice now wants to change the law and has warned Sweden against introducing the same liberal rules that they now have in Denmark.

Norway is also debating the laws applying to aliens. The draft of a new law is being presented. Critics feel that it does not guarantee the rights of refugees.

SVENSKA DAGBLADET will publish several articles that attempt to place Swedish refugee policies in a Nordic perspective. In the first article we will look at the situation in Denmark.

Iranians, Iraqis, Pakistanis to Denmark

Stockholm SVENSKA DAGBLADET in Swedish 31 Oct 84 p 41

[Article by Margit Silberstein]

[Text] Copenhagen--"The new law is good, the most humanitarian of its kind in the world." That is how Professor Thor A. Bak described Denmark's new law

on aliens which is now being hotly debated in Denmark after the increase in the flood of refugees. The justice minister wants to tighten up the law so that it conforms to the Swedish model.

Compared to Sweden, Denmark has had very little so-called spontaneous immigration to date. Since 1979 around 200 people a year have come on their own to Denmark and asked for asylum. But this summer something happened in our neighbor country. A torrent of people came knocking on the door and asked to be allowed to enter Denmark. Today 2,000 people, mostly Iranians and Iraqis, are waiting for the authorities to decide their fate.

Many people in Denmark are strongly committed to the cause of those who flee their homelands for one reason or another. Perhaps this commitment has its roots in the memories of the 1940's.

No Catastrophe

"It is not so long since Denmark was a nation of people who fled to Sweden. It is important to keep that in mind so that people will understand. I do not think it would be a catastrophe if Denmark took in 6,000 refugees a year, as Sweden does. That would be one-tenth of 1 percent of the population of Denmark," said Eigil Pedersen, secretary general of the Danish Red Cross.

But of course the sudden increase in the number of those seeking asylum has placed great demands on Denmark which was caught napping by the big stream of refugees.

The refugee division of the Directorate for Aliens, which corresponds to Sweden's Immigration Agency, has had to move to bigger quarters. The hotel where those seeking asylum are quartered is fully occupied. Old barracks have been reopened to house people from other countries. Budget limits were exceeded long ago. According to estimates the new refugees will cost 350 million in unforeseen expenses. The planned budget for 1984 called for 6 million kroner.

Liberal Law

Now many people are asking themselves why Denmark has become a country where so many aliens hope to find refuge. The reason is the new liberal legislation, many say, among them the Conservative Justice Minister Erik Ninn-Hansen. He is supported by, among others, the Progressive Party, which the minister of justice is probably welcoming with somewhat mixed feelings.

"Danish legislation is not responsible for the war between Iran and Iraq," backers of the law who explain the refugee flood in terms of the international situation point out.

The controversial law went into effect on 1 January and was obviously a hot issue even when it was being studied. There was so much disagreement in the committee that worked on the proposal for the law that two entirely different

proposals were presented to parliament. They were debated three different times. Between the second and third rounds a compromise was reached between the government and the Social Democrats. The result was "the most humanitarian alien legislation in the world."

This opinion, which was voiced by Thor A. Bak, chairman of Danish Refugee Aid, has been used proudly by supporters of the law and sarcastically by its opponents.

United Nations Positive

Whichever attributes one ascribes to the law, the United Nations Refugee Commission has taken a very positive attitude toward it and the law is permeated with an emphasis on a high level of legal protection for asylum seekers. Everyone who comes to Denmark's borders and asks for asylum has the right to have his case reviewed. In contrast to Sweden the police cannot turn away anyone seeking asylum at the border.

The first review is made by the Danish Immigration Agency. Everyone turned down by the agency can appeal to a board that resembles a court, a board whose chairman is a superior court judge. The asylum seeker has the right to present his case verbally to the "court."

Another liberalization concerns the rule on the land of first asylum, in other words the rule that makes it possible to send an asylum seeker back to the country where he first arrived after leaving his homeland. The Danish law limits the opportunity to use the principle of the land of first asylum. Presumably Denmark would not follow Sweden's example and send Iranians back to Turkey, where they are not given refugee status.

Justice Minister Erik Ninn-Hansen wants to change the law. He feels that Denmark has made such a vast commitment that its scope cannot even be imagined.

"Our rules have produced results that are almost grotesque. West German citizens have sought asylum here under the new law, for example, and have had the right to remain here while their cases were being dealt with," said Ninn-Hansen, who pointed out that the law is misused by those who have been expelled from Denmark for criminal acts and see the law as a chance to prolong their stay in that country.

Against this background the justice minister initiated a debate in Folketing on whether Denmark should have the same rules as Sweden, which make it possible for the police to turn people away at the border.

At this time Sweden's immigration minister, Anita Gradin, has ordered a study to see if the rules should be changed so that police decisions on refusing permission to enter the country could be appealed, in other words an arrangement similar to the one now being discussed in Denmark.

Not a Racist

"I am convinced that Sweden would have the same problems we have in Denmark now," Justice Minister Ninn-Hansen told SVENSKA DAGBLADET.

However the Folketing debate concluded when the justice minister found that he could not get majority support for a discussion about changing the law. The discussion was lengthy and emotional. Helge Dohrmann of the Progressive Party, who felt compelled to start every speech by saying, "I am not a racist," felt that Denmark should be careful not to stand out as the savior of the entire world.

Bernhard Baunsgaard, Radical Liberal, said he was grateful that during World War II Sweden did not have a Danish minister of justice who wanted to close the border after 2,000 refugees had crossed it.

Little Pakistan

In the middle of downtown Copenhagen is a small street of shops called Viktoriagade. Neither Danish salami nor Tuborg beer is sold there. The assortment of goods for both spiritual and physical needs is meant for Pakistanis. This is true of grocery stores, music stores and restaurants.

"Call it Little Pakistan!" Khushdil Khan gives a warm laugh, obviously pleased with his own words. He works in his brother's shop on Viktoriagade in the Vesterbro district. His brother, Husain, took over the little food store around 10 years ago. That was when it started. A growing number of shops were closed by their Danish owners, who moved away from Viktoriagade where the buildings are poorly maintained and the standard is low.

Pakistanis Took Over

The businesses were taken over by Pakistanis who make up a large share of Denmark's roughly 10,000 immigrants. They came to Denmark in the 1960's and 1970's at a time when West Europe needed labor.

So now there is a Pakistani butcher on Viktoriagade and a store where one can buy tunics and other traditional articles of clothing. Next to the clothing store is a music store that offers music from back home. Two travel agencies compete with each other, Diamond Travel Company and New Far East Travel.

There is a complete mixture of items in Husain's Spartan store window. Love stories in Pakistani are located between the olive oil and cans of fruit.

Inside the shop the smell of spices meets the visitor, with the odor of curry winning the competition. Khushdil says that of course most of the customers are from Pakistan, but some come from Turkey and the African countries.

"And 20 percent of our customers are Danes. They come here to buy spices," he says.

Business was brisk during SVENSKA DAGBLADET's visit. Most people also took a copy of the newspaper DAILY WATAN which is published in England and arrives at the little shop on Viktoriagade every day.

Two men in pin-stripe outfits came in to buy sugar and nuts. They were Iraqi businessmen who have heard about Little Pakistan.

"This is not the kind of sugar you are used to in your homeland. It is not refined," Khushdil warned.

The two gentlemen tasted the sugar and decided not to buy it.

There are also two Turkish clubs on Viktoriagade. In the simple rooms cigarette smoke lies like a thick cloud over card-playing men who drink Turkish coffee. We could not leave before we accepted a cup of strong, sweet black coffee.

Red Cross Helping Out

Voluntary organizations play a large and active role in Danish refugee work. "A laugh that comes from the heart means more than a laugh from someone who has been paid for it," was the way Roland Chemnitz, who is in charge of the Red Cross refugee division, summed things up.

The Danish state and the Red Cross have started an unusual cooperation. When the Danish Immigration Agency realized that it could not take care of the 2,000 asylum seekers who came to Denmark within a short period of time and are now waiting to hear about their status, the Ministry of Justice turned to the Red Cross and asked for help. The Red Cross agreed to help and opened several central reception centers and a number of small camps.

A few of those who work with the refugees are paid employees. Most work for idealistic reasons.

"I think the most important thing in our work is that 'ordinary' people get a chance to meet foreigners here and get to understand their background which they can then tell other people about. That is why we try to involve as many volunteers as possible," said Roland Chemnitz.

Refugees Lend a Hand

Under the old system those waiting for asylum lived in hotels and took care of themselves with the help of an allowance from the state. The Red Cross is now trying as much as possible to activate the people gathered at the reception centers by letting them help out, for example by helping prepare the meals and performing other household tasks.

Through the Red Cross everyone is also checked by a doctor on arrival at the camps.

At Naesse Manor outside Copenhagen 90 people, most of them young men from Iran and Iraq, wait to hear the news--expulsion or permission to stay. Some of them were turned back at the Swedish border before they tried Denmark. The mood at Naesse Manor seems subdued. Sad tones can be heard coming from a stereo. Some played billiards, but many sat passively as if waiting for the time to pass. Iranians and Iraqis prefer not to talk to each other.

No Pictures

They talked freely about their fate, but no one wanted his picture taken or his name used. They said they were afraid of what might happen to their families.

"We did not know which country to go to," said Ibrahim, who fled from Iran. "When we were in Istanbul we heard that Denmark is a humanitarian and democratic country and that the people are good. We also heard that Sweden is harder, people there do not want to have any contact with foreigners."

Ibrahim and his comrades praised the Danish police, "the best police in the world."

"They treated us like human beings when we arrived at the border."

So far the Danish Immigration Agency has made a decision on around 200 of the 2,000 who have come in since the summer. Of these 150 were allowed to stay. Most of those who are allowed to stay are not regarded as refugees as defined by the Geneva convention.

They are allowed to stay for refugee-comparable reasons, as we say in Sweden. In Denmark they are called de facto refugees.

For Better or for Worse

The foreigners who will become Danes have to go through an 18-month so-called integration program run by Danish Refugee Aid. Danish Refugee Aid is an umbrella organization for the Danish voluntary organizations. The idea is that after that they will be able to take care of themselves. Unfortunately unemployment is high in Denmark and many of the refugees are forced to live on welfare.

"They become Danes for better or for worse," as Roland Chemnitz says.

Pay Them to Leave the Country

A scant majority of 1,000 people surveyed in Denmark said that Denmark's guest workers should be given a sum of money so they could travel home.

At its congress a few weeks ago the Progressive Party approved a statement that proposed offering foreign workers 25,000 kroner to leave Denmark. And although a majority of the Danes in the survey thought this was a good idea, there is no political support for it.

Conservative Justice Minister Erik Ninn-Hansen called the proposal totally unacceptable. Of the parties represented in the Danish Folketing, only the Progressive Party wants to adopt the West German model of paying guest workers to leave the country.

Sweden Enforces New Legislation

Stockholm SVENSKA DAGBLADET in Swedish 1 Nov 84 p 9

[Article by Margit Silberstein]

[Text] A 23-year-old Turk living in Sweden has been charged with having earned 22,000 kronor for arranging the travel of fellow countrymen to Sweden. This is the first time a court has tried a case involving a new law that bans planning the trips of foreigners to Sweden for profit.

During the proceedings in Huddinge District Court, the 23-year-old admitted that he earned money for helping Turkish fellow countrymen travel from Poland to Sweden. But he denied that he had carried out an organized activity.

The 23-year-old came to Sweden at the end of the 1970's. His case became known nationwide through the mass media and there was strong public support for granting him a permit to remain in Sweden. The boy's classmates wrote protest lists after the Immigration Agency rejected his request for a residence permit. A municipal politician took an interest in him and when the municipal councillor adopted the 23-year-old the government allowed him to remain in the country.

Unveiled by Chance

It was partly by chance that the fact that the 23-year-old was running a business enterprise and was earning money off the desire of his fellow countrymen to come to Sweden was discovered. Two policemen from the National Police Board's alien unit were on surveillance duty on board the Polish ferry between Ystad and Swinoujscie, a route used by many asylum seekers.

"While standing on the ferry we saw a car with Swedish license plates on the dock in Poland. Out of the car came four Turkish citizens. The car left and returned with six more Turks," said Bjorn Klarberg of the National Police.

It turned out that the Turks were on their way to Sweden to ask for political asylum. The police investigation showed that they traveled by bus from Turkey to Yugoslavia. From there they went to Poland by train. The asylum seekers themselves said they had hired a lawyer in the Turkish city of Kulu. They had paid him to arrange for passports and pay bribes when necessary.

"He planned the whole trip to Gdansk in Poland with transit visas and all. But that was the end of the line," said Bjorn Klarberg.

Bought Tickets

That is where the 23-year-old came into the picture. He said that he met his fellow Turks in Gdansk, drove them to the ferry slip in Swinovjskie and bought their tickets to Sweden. But it was purely by chance, according to him, that he was in Gdansk on the four occasions mentioned in the indictment.

One of the things that looks bad is that all the 36 Turks who came here through his efforts come from his home town. According to the police investigation the 23-year-old was in contact with the lawyer in Kulu and planned the trips in cooperation with him.

New Regulation

When Huddinge District Court announces its verdict a few weeks from now it will be the first time that a new law, an addition to Paragraph 96 of the Alien Law, has been tested. The new law, known as "lex Heidari," was the result of a sensational case in Uppsala where an Iranian citizen organized the flight of hundreds of Iranians to Sweden for a consideration. The regulations then in effect made it hard to sentence the man for violating the Alien Law.

Most of the work and planning to get the Iranians here did not take place in Sweden. The law was inadequate for that reason. But the new regulation makes it a crime to plan and organize trips to Sweden for profit when this involves foreigners who do not have the travel documents required. It does not matter whether the complete violation occurred inside or outside Sweden.

Norway Expanding Legal Protection

Stockholm SVENSKA DAGBLADET in Swedish 1 Nov 84 p 17

[Article by Margit Silberstein]

[Text] Oslo--The police in Norway currently have broad powers to make decisions that can have sizable consequences for foreigners. There has been criticism of this and a law has been proposed that says the legal rights of aliens must be improved and the power of the police should be limited.

The controversial proposal has been sent out for review by 300 authorities. So far 100 review organs have made their views known. The critics, who include the United Nations Refugee Commission, believe Norway should take further steps to increase legal protection for asylum seekers.

Compared to Sweden, Norway is a country that has very few refugees. In the years from 1947 to 1981 Norway has taken in around 7,700 refugees in cooperation with the United Nations Refugee Commission. In addition a few people have turned up on their own at the Norwegian border to ask for asylum. In recent years less than 50 asylum petitions have been granted each year. Sweden takes in around 6,000 so-called spontaneous refugees a year.

But Norway has not been able to ignore the international migration of people. Lately, for example, there has been an increase in the number of Iranians seeking asylum. And this summer a group of Ahmady Moslems from Pakistan came and asked permission to stay in Norway. That was around the same time that 300 Ahmady Moslems sought asylum in Sweden. The Swedish government did not feel the Ahmady Moslems had sufficiently compelling reasons for staying in Sweden.

The same decision was made in Norway, with reference to the Swedish ruling, among other things. Right now 50 Indian Sikhs are also waiting for Norwegian authorities to decide their fate.

More Boat People

Norway has taken in more Vietnamese refugees than both Denmark and Sweden. This is connected with Norway's status as a seafaring nation. Norwegian ships make regular trips to the Far East and pick up Vietnamese who have gone to sea in small boats.

"We know that many ships, for example those flying under flags of convenience, have orders not to rescue the Vietnamese. But Norwegian ships do not pass them by. The Vietnamese know that and therefore there is a certain amount of planning so that they put out to sea in accordance with the timetables of Norwegian ships," said Oystein Sagberg, acting chief of the National Alien Office.

Guarantee

Norway guarantees that the Vietnamese will be allowed to settle here. Without this guarantee Norwegian ships would not be permitted to land in Malaysia, for example. In recent years around 800 Vietnamese have come to Norway. This figure includes family members who have been left behind in Vietnam and are eventually reunited with the rest of the family, which is already in Norway.

Just now there is a discussion going on in Norway, as there is in Sweden and Denmark, about the true definition of a refugee. The Vietnamese are given refugee status in Norway but many feel that they are not refugees in the true sense of the word but economic refugees.

Many ask themselves what would have happened to the Ahmady Moslems if they had come to Norway in the same way as the Vietnamese. Would they have been allowed to stay then?

If we leave out immigrants from the other Nordic lands, the Vietnamese have become the second largest group of foreign citizens. According to statistics roughly 60,000 non-Nordic citizens are residing legally in Norway. In addition around 5,000 British subjects, Americans, Hollanders, etc. have work permits allowing them to work in the North Sea oil industry.

Pakistanis make up the largest group of foreigners in Norway. A total of 7,000 Pakistanis live in Norway. Most of them came to Norway in the late

1960's and early 1970's when it was relatively easy to get permission to live in this country. When people talk generally about foreigners in Norway, they often mean the Pakistanis. Those who talk about blacks are referring to the Pakistanis.

There is a debate in Norway on discrimination and racism. A committee has been appointed to review the laws and look into whether there is a built-in discrimination in society.

A few weeks ago former Conservative leader Jo Benkow appealed to his fellow countrymen in a TV program to maintain what is best in Norwegian tradition, respect for fellow human beings.

Accused of Racism

Some time ago the former head of the State Alien Office was accused in a class action of having made racist remarks against Pakistanis.

"We are a puritanical and pietistic people. We are more nationalistic than you are in Sweden and Denmark, which is probably because we are a young independent state," one of those SVENSKA DAGBLADET talked to summed up the situation.

In 1975 Norway introduced a ban on immigration. It was supposed to be temporary but it has now been introduced for an indefinite period of time. Along with the immigration ban came a number of regulations that made it harder for people, especially those from underdeveloped countries, to enter the country. Many have criticized the application of the immigration ban as being discriminatory against certain nationalities. In 1979, for example, 1,900 British citizens and 750 Americans received work permits. In the same year only 12 Pakistanis and 12 Moroccans received work permits.

New Law Proposed

In 1977 a committee was appointed to work on a new proposal for alien legislation. The current law has the characteristic of being so vaguely worded on many points that it provides a lot of leeway for different interpretations and can thus be applied unfairly.

The police have the authority to make decisions on a number of questions. These things include turning people away at the border, deciding who will receive residence permits, who among those already in the country should be expelled, and so forth.

Under the new proposed law, police powers would be limited.

A refugee board would be set up to decide on asylum questions. Under the proposal someone from the United Nations Refugee Commission would be invited to serve as a representative on the board.

Critics' Hopes

An expulsion order based on criminal activities, for example, could be appealed to a court. A proposal that no one believes will be passed. "It is so unconventional for the Norwegian administration system," as office chief Ragnar Askheim of the Justice Ministry put it.

Another proposal that would tighten things up and that many of those reviewing the proposal have criticized is that foreigners from countries without visas should have their residence permits arranged before they come to Norway.

"That point must be discussed thoroughly," said the country's minister of justice, Mona Rokke, giving hope to the critics.

Ministry Desired

The justice minister is viewed as the country's immigration minister, since her ministry is responsible for supervising foreigners. The Social Affairs Ministry is responsible for newly-arrived refugees and the Municipal Affairs Ministry is responsible for those already in the country.

"One responsible ministry, as you have in Sweden, would be better. And I have nothing against turning over my job to the Municipal Affairs Ministry," said Mona Rokke, who like the Swedish immigration minister thinks it is hard to have such an exposed position as one that involves making decisions on the future of human beings.

The mass media plays a large role in these matters in Norway, in the view of Mona Rokke, who did not deny that she is influenced by what is written.

Sikhs Hope for Asylum

In Alnabru, outside Oslo, there is a modest wooden house.

"It is our temple," explained Harinder Singh with reverence and pride. The temple has been the gathering place for 60 Sikhs who are waiting for the authorities to grant them political asylum.

They say they are persecuted in their homeland for political and religious reasons. In their requests for asylum they refer to the bloody conflict that has sprung up in the Punjab between the Sikhs and Indira Gandhi's government after the Sikhs' holy temple in Amritsar was stormed by government troops last summer. Their arguments are reminiscent of those used by a group of Ahmady Moslems from Pakistan when they sought asylum in Norway a while back. Norway followed Sweden's example and decided that the Ahmady Moslems did not have strong enough reasons for being granted asylum.

Harinder Singh is a diplomat who has worked in the service of the Indian state for a decade. He was charge d'affaires in Oslo for 3 years. But on the day of the attack on the temple in Amritsar he made up his mind.

"I left my job at the Indian Embassy and asked for political asylum. It was an inevitable moral decision."

With the cosmopolitan aplomb of the traveled diplomat he presented his comrades and asked us to sit down in what is called the guest house of the temple. We drank hot Indian tea and Harinder Singh talked about the "holy house," as he calls the yellow house.

From the beginning it was a privately-owned house that was bought by the Sikh congregation already living in Norway. Around 2,000 Indians live in Norway and 1,500 of them are Sikhs, so it is not by chance that new asylum-seeking Sikhs want to live in Norway.

Voluntary Effort

"We were able to collect half a million in voluntary contributions. With the help of a bank loan we could then buy the house we call our temple. We call it Gurudwara in our language. Everyone helped to paint and furnish the temple," said Harinder Singh.

He asked us to enter the holy house which we did after removing our shoes and covering our head with a shawl. In ceremonious silence we observed a low-voiced service in colorful surroundings, led by a priest in a foot-length kaftan.

Then young Amritpaul Singh told his story:

"My comrades and I fought for our rights in the Sikh Student Federation, which was banned by the government. I was arrested three times. They accused me of being a terrorist. I managed to buy my way out of prison and got a false passport with the help of bribes. I received help and advice from a travel bureau on how to get out of India. I had never before traveled outside my own country. I had no idea where to go."

Eventually Amritpaul Singh (all Sikhs add the name Singh to their regular name) came to Oslo where he was helped to seek political asylum by the Sikh congregation.

A Bitter Man

Amritpaul's older friend, diplomat Harinder Singh, describes himself as a bitter man.

"After 10 years in the service of the Indian state I am called a terrorist. They say India is a democracy. If there is democracy in India then you do not have democracy in Sweden. You are not allowed to murder people," he said ironically and talked about small children who have been killed and accused of being terrorists.

When we asked what the Sikhs who came to Norway in the 1970's before the 1975 immigration ban think of their new homeland, Harinder Singh replied by telling

a story. It is about a Sikh in Norway who sought a visa at the Indian Embassy in order to travel home to his father's funeral. His visa was denied.

"If you ask what he thinks of Norway, you have the answer there. He thinks it is paradise."

Vietnamese 'Boat People' to Iceland

Stockholm SVENSKA DAGBLADET in Swedish 2 Nov 84 p 48

[Article by Christina Jonsson]

[Text] Reykjavik--A French conscientious objector touched off a minor government crisis and a number of Vietnamese now answer to names like Gudnarson and Helgadóttir. But immigration and refugee policy is not a big thing in Iceland.

Iceland routinely gets inquiries from international refugee assistance organizations. Right now a defecting Pole is waiting in Reykjavik to be granted political asylum but it is very seldom that the meager Icelandic legislation in this area comes into play. There are two reasons for this. The first is that Icelanders want to protect their small population of 240,000 people. The second is that few refugees come to the island.

The formal rule is that anyone seeking asylum must have a permanent job before the case is examined by the Justice Ministry and the government. Since 1945 Icelandic governments have only decided four cases involving refugee groups. After the war a group of German refugees came in, another group was taken in in connection with the 1956 Hungarian crisis and in 1979 the government agreed to take in a group of Vietnamese boat people, with 34 being given permission to reside in Iceland.

Intensive training in Icelandic was arranged, most got jobs and some opened Vietnamese food stores. After a while another 17 family members were allowed to enter the country.

This went well. It is true that some left Iceland but around 40 stayed and a few of them sought and were given Icelandic citizenship. This also meant giving up their Vietnamese names and adopting Icelandic ones. That is the way the law on citizenship is written in Iceland.

Incidentally it was an exception that the Vietnamese received citizenship status after only 5 years. This time period normally applies only to Nordic neighbors who move to Iceland, while other nationalities have to wait 10 years.

In 1982 the latest refugee group came to Iceland, 26 Poles were given political asylum. Half of them have now returned home as has a man named Gervasoni, the refugee who caused the most controversy in Iceland. His case came close to precipitating a government crisis.

Gervasoni came to Iceland as a French conscientious objector and asked for political asylum. But it would have been hard for the government of Iceland to label France as a country of political oppression. It said no. But the People's Alliance, the communists, took up the case in parliament and demanded that Gervasoni be given refuge in Iceland. Otherwise they threatened to overturn the government.

The justice minister backed down. If Gervasoni got a job then he could stay.

With the help of the People's Alliance a window-washing job was arranged. But it was not just any windows that the French refugee washed--they were the justice minister's windows. Gervasoni got a job with the contractor who repairs and cleans government buildings.

Pointing out that his windows could be opened and that it was not right that someone not a citizen of Iceland could go in and out of the justice minister's window unhindered, the justice minister got Gervasoni removed from that job. The conflict was later resolved when Gervasoni withdrew his application and flew home to Paris.

6578

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PCF'S 'NEW POPULAR MAJORITY MOVEMENT' DESCRIBED

Paris CAHIERS DU COMMUNISME in French Oct 84 pp 15-23

[Article by Paul Fromonteil: "A New Step by the PCF: the New Popular Majority Movement"]

[Text] The call to action, to the anticrisis movement that the PCF is launching today, contrasts not only with the approach taken by all the other political organizations, but also with what until now has been the PCF's policy of unity. The stakes in the historic period we are living in are unlike those of any other period.

The major undertaking in this period is to propose a new way to get out of the terrible dilemma of illusion or despair. It involves creating, in one stroke, the conditions for action and hope. This is the goal we have set for ourselves with the "new popular majority movement."

What is really involved is its newness: learning all the lessons of an historic period, we are going all the way with the strategic change we accomplished at the 22nd, 23rd and 24th PCF Congresses. Newness does not mean a tabula rasa.

The 25th Congress will not be simply a repetition of the 24th Congress; it will confirm, by amplifying it, our strategic approach; it will go into the matter more deeply, starting with the crucial choices, the nature and scope of which are becoming clearer with events and experience.

The force and influence of our ideas, of our congress reports, appear to be better related to today's questions. It is enough to consider what happened in the course of this summer and the realities of the new season, to judge the practical value of our proposals. We are in a position to respond to the immediate problems, to the big questions of the new epoch we have entered. In this way we will affirm the necessity of our role and will develop all of our identity as a revolutionary party in modern society and the world as they are.

New Possibilities for Making our Strategy Live

We have often said that the strategy worked out at our last congresses emerged against the current of the programmatic approach in which we had been engaged.

An important innovation, it involved a genuine change in our policy and our practice to "accompany, to control the change in the society in order to change the society itself" (Georges Marchais to the Central Committee in September).

The strategy--that is to say, the goal, the means, the practices--is not the result of an abstract model of an ideal society, of principles, of graphs drawn in advance, but of choices and responses that we draw from the realities themselves, from examining them and analyzing them. We subscribe totally to the founding idea of Marxism: "To us, communism is neither a /state/ [in italics] which is to be created nor an /ideal/[in italics] on which reality will have to be modeled. We call communism the /real/ [in italics] movement that abolishes the present state" (24th Congress). Socialism, a concrete response to concrete needs, being really the expression of general criteria, criteria, however, that can have only individual existences, irreducible in their very essence to any model, even one that has been adapted. That is really not only a new strategy, but a new conception of strategy.

It is not, for all that, that certainties no longer exist. It is not, for all that, that we no longer know what socialism is. It is still essential, for the revolutionary fight, to be able to recognize the validity of the historic process that is socialism. The considerable innovations in our strategy do not put the roots of that identity to the question. On the contrary, they make it possible to make them live in the world and the society of today.

The convictions, the certainties of militant commitment are rooted today in the fertile humus of the realities that show the world to be moving in one direction, that show socialism to be a necessary response to our society, that show the Communist Party to be responsive to present needs. That cannot be--of course--a spontaneous occurrence; revolutionary ideas, even though they are responsive to the present and open to the future, are forcing their way in a class struggle in which enormous means are being set up to deny their validity.

But is it enough to speak of the newness of our strategy to explain the difficulties of understanding it, of applying it, of setting it up? Inarguably, it is not enough. There are political conditions in which the different approaches were carried out that favored important misinterpretations or restrictive interpretations. We are masters of the approaches of our strategy, but we are not masters of the telescoping between those approaches and the events of history. We are not history's absolute subjects.

For fruitful and complete reflection, it is impossible to finesse the fact that at the moment the 22nd Congress--rejecting the idea of a model--brought out the broad characteristics of a French-style socialism, our political practice was articulated around the government's Common Program.

It is impossible to finesse the fact that the approach of the 23rd Congress--rejecting the "big evening" concept in order to root our project in everyday life--was overshadowed in 1977/1981 by the requirements of a battle for accurate and necessary clarification on the content of and means for change.

It is impossible not to take into account the fact that the 24th Congress drew their conclusions on our strategy of interventions from below in a condition of euphoria stemming from the illusions of after-May 1981, which raised their hopes.

In those circumstances, our strategy had trouble forcing its way in and spreading totally.

All of this resulted in a dual problem: on the one hand, the approaches of our political and theoretical thinking were often perceived as abandonment of the principles that formed our identity. The more so because those approaches were being produced in a context of political and ideologic pressures aiming precisely at that identity, which in the crisis were developing the ideology of doubt and skepticism. On the other hand, the clash between the old concepts and the new strategy was not creating the best conditions for real mastery and a bold putting into practice. It was not enough to pull ourselves away from an external model. The concept of building from the top a new society with programmatic steps, rest stops and moments of violent confrontations had its roots in our own history.

In the new situation of today, the depth of the questions raised by the changes, by crisis, intersect with experience and the lessons that should be learned from the last few decades. We are at the point where our strategy's potentialities can be seen more clearly.

The Crisis and the Movement

To make our strategy take shape by taking into account the intersecting of crisis and experience, is obviously to build this new popular majority movement that we want to form. A major initiative, because it means opening up a vast anticrisis project, opening up a credible, realistic prospect that will unify the popular and progressive movement.

Our strategy's whole innovative character is expressed through this proposal, the foundations of which are found in our analysis of the crisis.

Georges Marchais' report to the Central Committee of the PCF rightly contains strong phrases on the subject: "fundamental problem", "major political question", "absolutely decisive". And Philippe Herzog recalled in his speech that reference to the crisis could not be an incantation, that it was necessary to wage an ongoing battle on an exceptional scale in order for the nature of the crisis to be understood. Our response to it must become the common good of millions of men and women.

The work of the Central Committee encourages us to push on with reflection on several questions.

1. To really clarify the change/crisis relationship.

Crisis is not the inevitable consequence of changes. Crisis occurs because the changes--with their historic scope--are made within the framework of the capitalistic system. It is the monopoly of capitalistic management that generates crisis. One will not emerge from crisis by managing the problem of changes on the basis of capitalistic criteria, even with an accompanying "social plan".

If an end to crisis is to be achieved, it is impossible to circumvent the question of capitalistic management.

Saying that does not lead us to restrict our activity to the terrain of the economy. The report to the Central Committee gives much room to the socio-political dimension of the problems. There is a need for better understanding of the nature of the political system under which we live, for a better grasp of everything that a crisis leads to in attitudes, in social relations. It is a question of having a better grasp by keeping as a basic priority the challenging of capitalistic management's monopoly.

It is on that ground that we should take into account the aspirations in all of their dimensions, political, cultural, individual and moral. Paul Boccara's work on the anthroponomic dimension or the work of Lucien Seve on the historic forms of individuality are approaches that must help us to work on the connection between the economic and the noneconomic, not only to see clearly how men live and think, but to fully grasp the new values of civilization whose seeds are contained in a crisis.

The image of the PCF and that of its militants are built around such values as probity, self-abnegation; in this area, it is more than ever necessary to provide the developments required by our epoch. The Communist Party can contribute something new, there as elsewhere. It even seems to me that this constitutes an important element of its historical force.

2. To really think about the structural and global character of crisis.

We analyze crisis as a structural crisis that calls for society to be changed. That change in society is socialism: "The French type of socialism in its entirety is nothing other than the total of the transformations that are called for by the solution of the problems of today in all areas of French life and society." It is from the characterization of crisis that the essential features of our plan for society are derived. The decentralized anticrisis activities do not clash--on the contrary--with the transforming thrusts of the whole society; they can lead to the building of the new society.

It is our intention to intervene in the kind of problems people are living through--at the time they are doing so--illuminating, starting with the quality of our proposals and fleshing them out, from life to our plan for society. It is necessary and it is possible. /Necessary/ [in italics] because at the heart of the anticrisis objectives there are enormous problems for society, the solution to which can only go in the general direction of developing the capacities of men. /Possible/ [in italics] because our analysis of crisis--of its contradictory effects--enables us to seize what it contains in the way of possibilities, requirements and new aspirations that can be leaned on for an anticrisis action. Taking into account the possibilities, requirements and aspirations cannot be spontaneously transformed into self-management!

The response to the totality of crisis could not be waiting for socialism to be built globally. The requirement of socialism could not be to declare itself a bloc.

Decentralized initiatives are not in opposition to coherence and planning because in each of the decentralized initiatives there is a whole series of values that are expressed and that rise up to meet our plan and nourish it.

On this aspect also, we find our analysis of crisis: from the moment the fundamental question in the crisis is whether to contest--at the level of the whole society--capitalistic management, it becomes obvious that this the action from below, decentralized, on all the grounds that become decisive. The movement we are proposing is an appeal to imagination and audacity to set in motion, by thousands of large or small acts which intersect--on problems of management, social and cultural problems, problems of creation--action that goes so far as to create in our people a majority anticrisis trend. No one can predict in advance the political forms of its organization and leadership.

This undeniably goes beyond the political outlines of the union of the left; at the level of the social strata one cannot limit oneself to crystallizing the possibilities in the "alliance" concept.

Experience and the Movement

The new approach we are proposing does not start from scratch (we have experience--I am thinking for example of Ladrecht), but the novelty consists of going ahead with a reversal of the programmatic approach.

In that connection, I should like to make three comments:

1. /The programmatic approach that has impregnated the popular and democratic workers' movement is the principal obstacle over which we have stumbled since the late 1950s./ [in italics] The importance we gave to this problem is not a detour in order to evade critical examination of our activities of recent years; it is from this point of view that it is possible to fully comprehend the difficulties encountered in order to advance, the reasons why--despite our efforts--we have been unable to push the movement at the bottom. It is also what has enabled the Socialist Party to form its strategy by utilizing our own limits, because we were not raising in all its magnitude the question of the transformation of society. This was how the PS managed to dodge, to its own advantage, the desire for change.

The 24th Congress was behind the criticism of slowness; we have analyzed its implications, which are considerable. Nevertheless--taking into account the influence of tradition--, it was impossible to evade the question of experience. It was impossible to do without the experience, on the part of the people, of the limits of a programmatic approach. Our whole conception of history, of the role of the masses as actors in history, leads us, moreover, to take thoroughly into account, in all circumstances, the necessity for experience. Otherwise there is a great risk of falling into voluntarism.

This is true in general and it is especially true for the period 1981-1984. We were in the government because there was a great current of hope; we were there to build, to go forward; we have remained there up to the limits of possibility and experience. A lucid look at the possibilities leads us to think that when a change, a fracture, is produced, time and experience are needed to learn the lessons or draw the conclusions, because, as the report to the Central Committee indicates, "The social body does not register and does not reflect the consequences of changes of direction and new initiatives except with often-significant time intervals."

2. /The popular majority movement is not the resumption of the grassroots coalition/ [in italics] which has been our policy at other times in our history. The old forms of coalition and assembly proved themselves in given historical periods, but today's stakes are not comparable. The popular majority movement does not mean "because things are not going well at the top, people at the bottom fall back on uniting." It does not mean falling back until better days arrive. The necessary popular movement cannot be a succession of movements below and summit agreements.

In reality, the popular and majority movement takes the thinking we did at the 23rd and 24 Congresses a long way. We are learning all the consequences of the political and theoretical advances concerning the nature of the transformation process and the forms the necessary movement should take.

The central idea of those advances consists of making popular intervention the keystone of the transformation.

This is a true reversal in conception, because our whole traditional revolutionary culture made the state and the government the major question. The popular movement was confined in a role of applying pressure at the top or standing for the movement whose heart was at the top. This in no way leads us to finesse what falls within the province of the state and the government. Nor are we giving up implementing the political agreements, but the strength, the dynamics of the popular movement, could not be enclosed in a contractual framework limited to PS-PCF relations. To do so would be to reduce a reality that is potentially much richer.

3. /The opening up of the communist personality in this movement./ [in italics] Since what is at stake in crisis is precisely the changing of society, the magnitude and breadth of anticrisis union goes hand in hand with the affirmation of our role.

The content of the new movement being clear--anticrisis struggle--, it cannot be restricted as to its size or the forms it will take. Assembling all the people who want to do something can neither be on an a priori basis nor based on a yearly examination.

The movement's basis is all the anticrisis ideas that are germinating and pushing above ground. And since our identity as a revolutionary party is to contribute answers to the central question "How can things be done differently?", our role is a natural one: the movement needs strong proposals; it is up to us to provide them and make them live.

It is not because we are the only ones--as a political force--to conduct an analysis of crisis that enables us to predict its outcome, that we are isolated. The profound originality of our crisis analysis does not mean isolation of a small sect that has reason on its side and awaits the judgment of history. We are undoubtedly alone in making the analysis we are making, but that analysis gives us the means for meetings, dialogues, for convergence.

To be ourselves is to cause all the potentialities of our personality as a great revolutionary party to shine forth--a party responsive to society's present needs and those of the world and of individuals.

Reasons to Fight

There are movements and movements. Our prospective new popular majority movement is the antithesis of the call to rally around a consensus for managing the crisis.

A series of ideas are converging from left and right that would like to nullify the political powers of the aspiration for change. This is one of the sources of the phenomenon of depolitization, of policy crisis. To go forward on the road to a consensus around crisis is, when all is said and done, to create the conditions for the advancement of the ideas of social conservatism, it is to open the door to the right.

On the other hand, to rally against crisis is to emerge from being stuck in disarray, it is to provide reasons to fight and intervene; it is to open the way for mobilization and success.

8946

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SERRA EFFORT TO BOLSTER RELATIONS WITH RABAT

Madrid YA in Spanish 30 Oct 84 p 3

[Article by Fernando Rueda: "Narcis Serra Visits Rabat to Bolster Relations With Morocco"]

[Text] Madrid--It appears that the differing points of view which the minister of foreign affairs, Fernando Moran, and the minister of defense, Narcis Serra, have espoused since taking up their portfolios, over whether to cool or to warm up relations with Morocco, will finally be settled in favor of a more cordial relationship with that African country. With a view to opening contacts for the purpose of establishing bases of collaboration between the two countries, Narcis Serra will leave tomorrow on a visit to Morocco, during which, as far as can be foreseen, important conversations will be held, although no agreement will be signed.

This difference of opinion had its origin in previous governments and has persisted with the coming of the socialists to power, because both Fernando Moran and Narcis Serra have defended their opposing positions. Until just a few months ago the prevailing point of view was that of Santa Cruz Palace, which was recently reinforced after the signing of the Libya Morocco agreement; Morocco's continuing claims for Ceuta and Melilla are also a factor.

Nevertheless, the defense minister has maintained, and it seems that he is beginning to have some success in persuading the government to lean toward his view: that it is better to maintain a close commercial relationship with Morocco than to leave the way free to other nations to sell armaments.

Serra is of the opinion that if we supply goods to any country, be it potential enemy or no, we will make them dependent upon us, and this will allow us, just as all other countries do, to have in our hands the supply of munitions and spare parts which the purchasing country will require during the useful life of the weapon. Following this theory, if Spain were to go to war against Morocco, we would be able to deny them those replacement parts, with the result that the weapons which we have sold them would not last very long, which would not be the case if we were to permit another country to be the supplier.

This approach has been supported of late by the economic ministers of the socialist government, since it provides substantial assistance to the national industry, which is much in need in these years of economic crisis and which the socialist administration is endeavoring to strengthen.

Sales and trade in armaments with Morocco will not take place in any case in which the equipment includes elements of high technology, since this would indeed prejudice Spain's defensive interests.

Another factor which has been kept in mind is that economic relations help toward the solution of political problems, as has been the case with Britain and China on the issue of Hong Kong, and as is not the case with relations between Britain and Argentina, or between Britain and Spain.

The policy which the PSOE [Spanish Socialist Party] followed at first was to refrain from selling war material to Morocco because Algeria might object, but they have gradually come to understand that this position is not in Spain's interest.

Return Visit

The visit to Rabat which Narcis Serra will commence tomorrow is a response to the one which Colonel Achabar made to Spain, a year or two ago, at the head of a purchasing mission to our country. He proved to be a friend of Spain, and took a course of study at the Military Administration Academy.

The purpose of this trip by the defense minister is not, as it might seem, to sell armaments to Morocco. This is shown by the fact that he will only be accompanied by his chief of cabinet and by his advisor on international affairs, and by the fact that not a single member of the ministerial department of equipment and supplies will be in his party. Serra's visit will be in the framework of an exchange of views with the Moroccan military and more importantly with King Hassan II, which it is hoped will serve to relax the presently tense relations with the African country.

The Spanish minister will not sign an agreement of cooperation with Morocco, although he may raise the subject during his visit. Such an agreement was initially drafted in 1978 by the Union of the Democratic Center [UCD] government, and was recently revised by the socialist executive, but it was shelved on both occasions for political reasons which have never been shared by the Defense Ministry.

This agreement is drawn up in terms similar to the ones which are expected to be signed with Greece and Turkey, which are regarded by Defense Ministry sources as both essential and imperative.

[In box] Spanish-Moroccan Military Maneuvers

Today and tomorrow air maneuvers, named "Atlas 84," will be conducted in Rabat by Morocco and Spain. The exercises were announced yesterday afternoon in Spain by the Defense Ministry following earlier publication by MAP, the official news agency of Morocco.

Normally the Ministry of Defense announces maneuvers in which Spanish forces are to take part, which makes it more surprising that the holding of these exercises was not announced earlier, and even more so when the Spanish defense minister, Narcis Serra, will be arriving in Morocco tomorrow on an official visit.

The only precise information available is that these exercises are being held for the purpose of promoting understanding and friendship between the two countries; there have been no details of the Spanish units which will take part in the air maneuvers, nor of the nature of the exercises expected to be carried out.

As an indication of the importance accorded these maneuvers, Lieutenant General Jose Santos Peralba, chief of staff of the air force, arrived in Rabat yesterday, accompanied by Brigadier General Gonzalo Gomez Bayo and Lieutenant Colonel Fernando Arlandis Pascual.

According to both Spanish and Moroccan sources, the basic purpose of the exercise is "to increase the planning, command and evaluation capability of combined operations between the two air forces, as well as the evaluation of the tactical and operation capabilities."

12383

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EFFECTS OF REDEFINING SELECTIVE CREDIT REGULATIONS

Paris LE NOUVEL ECONOMISTE in French 5 Nov 84 pp 48-49

[Text] Maximally liberating the initiatives of entrepreneurs, "giving greater responsibility and freedom to the credit institutions." No, the Minister of Finance will not retake the Bastille. He is merely announcing that credit regulations will operate in a rather different manner in 1985. An important reform for all that.

Though the top financial echelons in Paris had talked about it for some weeks past, the representatives of the banks, called together last Monday a few minutes before the reporters, were somewhat surprised by the suddenness of the announcement. Pierre Beregovoy was obviously quite glad to make known his intended decision before it was polished and robbed of all sting by the many negotiations that will follow its application. He surely took pleasure in somewhat shaking up the banking fraternity. After all, at their first encounter, he had told the heads of the nationalized banks that he expected them to lower the "cost of banking intervention" because to do so contributes to the lowering of the cost of credit. The originators of this "abolition" of the regulations intend it to promote competition among the banks in the matter of lending and, consequently, serve to lower interest rates for borrowers.

However, it is a long way from the Rue de Rivoli to the Bastille, and the effects of these decisions "will be felt only as time goes on," the minister admits. In fact, the experts have been able in good conscience to propose this change of system, precisely because it will have no immediate effect at all. Michel Lutfalla, in charge of economics studies at the Credit du Nord, explains that "the corporations have encountered a treasury more to their liking but have not yet begun to really invest." The sharp drop in interest rates, preceding the reform of the credit regulations, was amplified by an abundance of liquidity meaning that nobody feels the need to borrow.

Shadings

While the minister wishes his reforms to lower interest rates in the long run, Mr Renaud de la Geniere, governor of the Banque de France, obviously considers that, at this very moment, they are dropping too fast. Last Friday, to damp down speculations about lower interest rates, he ostentatiously

maintained the bank's intervention rate at 11 percent, though 3-year treasury bonds were being placed at less than 10 percent. Indeed, the treasury deliberately left the bond market hungry for notes to encourage lower rates and have lenders beg it to borrow. To sum up, the Banque de France thinks of the defense of the franc, while the Rue de Rivoli seeks on the one hand to support the economy, on the other to finance the public debt on the best possible credit terms. Both parties affirm that all this represents merely "shadings," not disagreements.

Nor will the reform have the effect of competition quickly returning to conditions of pitched battles. Last Monday, the minister was confronted with the representatives of the so-called "listed" banks, including Jean Dromer, president of the Association of French Banks and the representatives of institutions such as Credit Agricole, Credit Cooperatif, and so on. All these people are symbolically united under the presidency of Jacques Moreau. Each attendant's prime concern was anxiety lest the reform should benefit one of them more than the other, even though generally they are only too happy to bury a system that has become too unwieldy and complicated. Still, according to a study by the Banking Control Commission, cited by the Banque Nationale de Paris, many of these complications were due to the authorities' wish to somewhat ease the situation, which meant that the market shares of the various banks were far less constricted than assumed.

In theory, French controls are and will remain a "quantitative rationing" of the volume of credit the banks are allowed to distribute, in contrast to the American system, for example, in which higher interest rates limit the increase in credits.

According to the regulations in effect since 1972, each bank is allocated a quota that largely depends...on that of the preceding year. This has led to the calcification of structures. If a bank exceeds its quota, the Banque de France punishes it--once the offense is discovered--by obliging it to deposit supplementary reserves with the central bank, a costly deposit because not interest bearing. It is in fact so expensive that, at times when credit is in much demand, it may be worth while to buy unused rights from another bank, though, in the eyes of Daniel Lebegue, director of the treasury, this amounts to a kind of "black market."

These opportunities will disappear in future, and the system of penalties will be both "prompt" and more progressive. The bank will know that, to the extent it diverges from the objective discussed and checked every quarter (instead of every month as now), its reserve ratio will increase progressively. It will be able to calculate almost from one day to the next the cost it would incur by exceeding its limit, all the more because it will have to itself correct its reserve rate. It might, for example, compare the cost with those of borrowing on the bond market. The total of such loans could be applied to its lending operations without either penalty or restriction (80 percent at the present time).

What we have here is therefore a "transitional system," as the Minister of Finance put it, not a revolution, let alone the abandonment of all monetary controls. Even though Pierre Breguery's team is not made up of convinced

monetarists, his people are well aware of the importance assigned to the progress of the money supply by the foreign exchange market. The minister therefore began by announcing Monday last, that he wanted to see the money supply rise next year within a range of 4-6 percent, that is decidedly less than the value of output which is supposed to increase by 7 percent.

In political terms, the reform is well within the scope of the "modernization" so close to the Prime Minister's heart. It is neither more to the left nor more to the right than the previous system. There will always be a bit of "selectivity" (that bugbear of the liberals in 1981) in favor of exports, corporate equipment investments and housing, but it will be simpler.

Liberal because that is the fashion, pragmatic because that suits his temperament, the Minister of Finance adapts himself to the times. One of these days he will show the same style in easing the exchange controls that the foreign exchange market believed to have arrived last Friday. If it is a matter of helping business, the ministry will facilitate forward reserves and investments abroad. If it is more opportune to wink at the voter-stockbroker, the foreign stock surcharge may be scrapped, possibly only for European stocks. It is absolutely necessary sometimes to let sentiment prevail!

11698

CSO: 3519/116

THOMSON FIRES DIRECTORATE OF FRG SUBSIDIARY TELEFUNKEN

Paris LE NOUVEL ECONOMISTE in French 5 Nov 84 pp 72-73

[Text] Is Thomson-Brandt, the French No 1 in consumer electronics, persona non grata in the Federal Republic of Germany? This question may well arise after the unanimous resignation by the directorate of Telefunken, controlled by the French group since 1982. One more disappointment in the country that Thomson had actually chosen to confirm its internationalization.

The purchase of Telefunken in fact carried the aftertaste of failure for Thomson, because in 1982 the French group really hankered after Grundig, the German No 1, rather than Telefunken. Alain Gomez and Dr Max Grundig had virtually settled the deal, but the Bonn cartel office vetoed the transaction.

The official explanation was this: In association, the two groups would control more than half the German market. The unofficial motive: Thomson's poor social image as the result of earlier and brutal rationalizations.

Nordmende, acquired in 19078, when the company was obviously failing: Closure of four factories, elimination of one job in two. Saba, acquired in 1980 from the American GTE: The labor force also reduced by half. The Ulm factory turning out cathode tubes, purchased in 1979 from Telefunken (already!): Closure of the entire establishment which employed more than 1,600 people at the beginning of 1982. This last was the drop which caused the vessel to overflow, a few months before the conclusion of the negotiations with Grundig.

Buying Telefunken instead of Grundig seemed not to necessarily pose the same problems. While Thomson reorganized its other subsidiaries (Saba and Nordmende) by integrating their production rather forcibly, Telefunken--by far the most prestigious brand--continued to enjoy some autonomy. Besides, the reorganization begun well before the arrival of the French and including the elimination of 40 percent of all jobs, began to show results: DM8 million (Fr26 million) profit in 1983 after years in the red.

And then the clash occurred anyway. The official--and terse--comment from Thomson says: The Telefunken directorate did not accept the proposal to rationalize some of the components used in the group's various German manufacturing plants. The other side, across the Rhine, says: Thomson aims at the total

integration of manufacturing. Closure of factories, elimination of jobs and coordination of the range of support products.

This assumption is far from absurd. To turn out 2.5 million television sets per annum--the equivalent of the output of a single Japanese factory--, Thomson has one factory in France and five in Germany: Two for Saba and Nordmende, three for Telefunken. Moreover, for the first time last year, Thomson's consumer electronics division recorded a deficit (80 million), and this is likely to grow.

11698

CSO: 3519/116

DIRECTOR DEFENDS POLICY ON EXPORT CREDIT INSURANCE

Rotterdam NRC HANDELSBLAD in Dutch 6 Nov 84 p 15

[Interview with H.H.M. Groen, Director of NCM [Netherlands Credit Insurance Company], by Pauline Van De Ven; date and place not specified]

[Text] Amsterdam, 6 Nov--In April of this year, after Argentina stopped payments on the pipeline that Boskalis had built, the government took over a hitherto uninsured risk from Boskalis, because otherwise the contractor threatened to go bankrupt.

It was as if the government were to write a fire insurance policy on a burning house--a small gift from the minister of finance to Boskalis and the bank consortium. The gesture was not necessary in order to be able to collect the sums outstanding in Argentina; for that it was--and is--necessary only to keep Boskalis' Argentine subsidiary, Cogasco, going.

Still, Minister Ruding expressed veiled criticism in the budget of how export credit insurance is working and of the rapidly increasing losses it is costing the government. Reinsurance of export credit by the government must not, he commented, degenerate into a system of concealed subsidies for the banks. Thus, he suggested, both the banks' own risks and the companies' premiums must go up.

Own Risk

[Question] How can you reconcile the minister's criticism with such a friendly gesture toward Boskalis?

H.H.M. Groen, director of NCM: As for Boskalis' own risk, that was taken over because the firm was proven to have operated in a manner calculated to avoid losses. For the rest, I do not think that Ruding intended to criticize the system. It is simply that in 1984 the government will have a net deficit of 850 million on export credit reinsurance. I think it is a perfectly natural reaction when the man who is left holding the bag for that deficit considers measures to reduce it--without bringing the system as such into question, because there is an absolute consensus that Netherlands exports cannot get along without export credit insurance.

[Question] Now banks and insurance companies are the only shareholders in NCM. Is there not a risk because of that that the banks and insurers will pass bad risks on to the government via NCM?

Profit

[Answer] Certainly not, absolutely not. We are not some sort of catchall for bad risks for our shareholders. We advise the government against obviously bad risks. The government decides by itself, and if the government says "no," we cannot make things right.

However much the shareholders may like us, we still have to make a profit every year.

[Question] How is it possible for NCM to pay profits to its shareholders, while the government is taking such losses?

[Answer] The business we do on behalf of the government is financially neutral for us. We pass 100 percent of the premiums on that business along to the government. When things go wrong, we claim on behalf of the government and then pass 100 percent of those proceeds along too. Dividends we pay on the business that we do on our own account.

[Question] Well, it looks as though there are two NCM's.

[Answer] Now in a certain sense there actually are two NCM's.

Government

[Question] You certainly could also argue that there is really only one NCM, where the biggest risks get shifted from the banks and insurance companies to the government.

[Answer] The basic fact is still that we honestly do that business 100 percent on behalf of the government. We have no financial interest in that business, and so it would not be reasonable for us to take it into account in setting our dividends. The government sees NCM as an expert agent that represents it on the front line, keeps in touch with the companies, and gives it advice.

[Question] Theoretically it works like this, does it not: if NCM threatens to make a loss, the companies have to pay higher premiums, while if NCM collects excess premiums, they are paid out to the banks and insurance companies in the form of dividends?

[Answer] I can see your reasoning, but there is one big condition--business will not buy any more policies from us if we set premiums too high.

[Question] But NCM has a monopoly.

[Answer] To be sure, we are the only ones involved in credit insurance on a big scale in the Netherlands, but in the first 4 months of this year sales were still down by 50 percent against the first 9 months of 1983. We are

losing a lot of policies. That shows that we cannot just demand whatever premium we like.

[Question] Is that because the risks of doing business are somewhat lower again right now than in past years?

[Answer] Yes, you could say that risks are low; you could also say that the premiums are higher than the companies want to pay.

Dividend

[Question] Do you ever consider using the dividend to lower premiums as risks decline? As a sort of equalization fund?

[Answer] Hey.... What are we talking about? 500,000 guilders. We can go on about principles for weeks, but it will not get you anywhere in real life. If we pay out five percent on paid-up capital of 9.2 million, then we are talking about 450,000 guilders dividend, while the total income from premiums is on the order of 200 million.

Look, each company is free to decide whether or not it wants to buy credit insurance, but price is one of the most important factors in the decision.

[Question] The free choice then is between insuring and not insuring. But is that a real choice, given that uninsured companies are only paid back after NCM in case of a bankruptcy?

[Answer] Not so, we are an unsecured creditor too.

[Question] Surely you do not just sit back and wait until you get your money back?

[Answer] Certainly not, but in the event of a bankruptcy or suspension of payments we are an ordinary unsecured creditor.

[Question] But NCM sees every bankruptcy coming before it occurs, because it sees the stack of claims growing. In many cases NCM itself can determine when the bankruptcy occurs.

[Answer] By no means all the time. Naturally we do have the strength of numbers, and for that reason we are also in a better negotiating position. That is one of the side benefits of credit insurance. The money comes in faster. But the companies also pay their premium to obtain that benefit.

[Question] At the moment companies find the premiums on the high side. What if the government also insists that it is costing it too much?

[Answer] Every year we insure some 15 billion guilders of transactions on behalf of the government. That is goods and services leaving the country. Therefore 15 billion guilders of foreign exchange comes into the country in return. This year 850 million guilders net will be lost on that.

I think that the government will realize that it would be unwise to so restrict export credit that there was little left of the 15 billion. That would hurt wealth formation in the Netherlands.

Important Exports

[Question] But besides that, NCM also insures on its own account.

[Answer] Quite right. Besides that we insure around 45 billion guilders on our own account and risk. But the 15 billion that the government reinsures, those are really very important exports. Those are strategic exports, both for ourselves and for the importing country: ships, aircraft, construction projects, infrastructure improvement. That is all the business covered by long-term contracts. Furthermore you have to remember that this is only the first time since World War II that it has turned out so badly for the government. The balance over the last 10 years, for instance, is positive.

12593

CSO: 3614/27

CGTP REPORTS UNEQUAL DISTRIBUTION OF TAXES

Lisbon A TARDE in Portuguese 26 Oct 84 p 6

[Text] More than 70 percent of the taxes collected by the state are paid by the workers although they only get 45 percent of the national income, the CGTP [General Federation of Portuguese Workers] disclosed.

This conclusion is contained in one of the studies prepared by the National Seminar on Tax Policy the labor union is conducting on 27 and 28 October at the Law School in Lisbon.

This seminar, which is addressed to the topic "For lower taxes, for the protection of purchasing power," will be attended by Medina Carreira, Mario Murteira, Augusto Mateus, Teixeira Ribeiro, and Macaista Malheiros, among others, in addition to union officials and technicians from the CGTP.

In an initial approach to the problem of taxes, which will be taken up at the seminar, the CGTP concluded that the taxes paid by the Portuguese between 1975 and 1984 rose from 48 million contos to 530 million contos, constituting more than 86 percent of the total government revenues.

This year, on the average, about one-third of the wages of each worker went for taxes and deductions.

Mentioned among the causes of tax injustice among other things are tax evasion and tax fraud (more than 150 million contos lost in 1983), the state's excessive borrowing, immorality in government spending, and the accumulation of millions of contos yet to be collected by the finance divisions and tax courts.

Income Taxes Not Going Down

The CGTP said that, on certain levels, the occupational income tax for 1985 will be about 50 times higher than in 1975.

In an analysis of the state budget draft for 1985, disclosed during a press conference, the CGTP maintains that the government proposal for updating the

various categories of the occupational and supplementary income taxes will lead to a reduction "practically only for the highest-income classes."

The CGTP reports that a worker who made 16,000 escudos in 1980 and paid 4 percent in income tax will pay 8 percent in 1985; after the updating of the tax categories, there will be an increase equivalent to the average rise in wages (107 percent).

As for the supplementary tax, it was emphasized that "the deduction for work income rose from 25 to 60 contos over the past 10 years (more than 140 per cent), while prices went up 537 percent during the same period of time, according to data released by the National Statistics Institute."

The CGTP believes that deductions for children "are ridiculous" and points out that their updating has always been less than price rises.

"The workers and families with children, especially those with lower-level incomes, will be most heavily penalized by the 1985 budget proposal," concluded the CGTP.

5058

CSO: 3542/43

FINANCE MINISTER SEEN VICTIM OF SOARES STRATEGY

Lisbon EXPRESSO in Portuguese 27 Oct 84 p 8

[Text] The story is only too well known: through its finance minister, the administration a month ago reported that the accounts of the state exceeded the budgeted figure by 28 million contos. Less than 2 weeks after that report--and just a few days away from the start of the parliamentary debate on that issue--the administration however announced that the deficit was not 28 million but rather 73 million contos; the difference was due to a sale of gold which the government thought would take place but which in the end did not go through.

This story has been profoundly disturbing.

How could an administration simply overlook the gold which its country sold or failed to sell?--people were asking themselves.

These and other questions however lost their meaning when it was learned that the executive branch knew what was going on.

In a letter to EXPRESSO, which we publish this week elsewhere, Jacinto Nunes, governor of the Bank of Portugal, wrote the following quote: The administration knew perfectly well that the gold was not going to be sold."

If this is so, then the only conclusion to be drawn is that the administration did not tell the truth. And that through a trick, it tried to conceal the real deficit in a budget which is its responsibility, while trying to shift most of the blame to the central bank.

Under these conditions it would be very easy to condemn the principal protagonist in this story and blame him for everything having to do with a situation which in fact is scandalous: we are talking here about Ernani Lopes. But it would not be fair to do so.

The truth is that the finance minister is the victim--and probably will be the scapegoat--of a situation which to a great extent is beyond his control.

When it took over, the administration established two different deadlines for its actions in the field of economics--deadlines which, we must not forget,

had to do with the presidential strategy of Dr Mario Soares. Initially, the country was to resign itself to severe austerity; but then, to coincide with the approach of the presidential elections and the launching of the candidacy of the PS [Socialist Party] secretary-general, it was possible to begin to dream of some kind of relief.

But things did not turn out that way.

In spite of the austerity that was imposed, the state's accounts for 1984 still showed a deficit higher than reasonable--and it had to be covered partly with the profits of the Bank of Portugal and probably through the sale of gold abroad.

The only trouble is that this deal did not go through--and Dr Ernani Lopes suddenly found himself up to his elbows in a budget deficit which is far from providing an encouraging picture of the restrictive policy pursued by the administration.

The finance minister is thus facing the risk of having to leave the ministry and give the impression that his departure is a significant defeat for him.

It is clear that any minister in these cases always must bear at least a part of the responsibility.

But it would be unfair to blame him for everything: the truth is that Ernani Lopes was above all the victim of a strategy that was not his strategy--a strategy that was aimed at reducing the public account deficit in 1984 to such a point that, next year, when Mario Soares will be shaping his own political future, the administration would be in a position generously to loosen up the budget.

5058

CSO: 3542/43

'CONSTAT D'ACCORD' WITH EEC TERMED 'FAILURE'

Lisbon SEMANARIO in Portuguese 27 Oct 84 p 8

[Article by Jose Miguel Judice: "A 'Statement' of Failure"]

[Text] Mario Soares signed a document which is worth nothing, which is not good for anything, and which in the final analysis is proof of failure and, on top of that, it can compromise Portugal's negotiating position.

The "certificate of accord," which Mario Soares went to sign in Dublin with his dazzling party, should really be called more correctly "certificate of failure." Worse than that, it must be seen as a political error and a mistaken viewpoint as regards the national interest; it can even lead to negative consequences, to the point of helping to bring about the failure of negotiations or the acceptance of unilateral terms imposed by the EEC. This is the basic idea which I now want to demonstrate.

Before we go any further, however, we must, once and for all, affirm that the date of 1 January 1985 has been selected on the basis--for Portugal and Spain--of the election concerns of Mario Soares and the PSOE [Spanish Socialist Workers Party], respectively. Accepting this reality is a sign of good common sense and this has been affirmed by commentators in various quarters. The December 1985 Portuguese presidential elections and the Spanish legislative elections scheduled for 1985 are decisive factors in signing the admission accord at almost any price.

We must furthermore state that the current members of the Communities would prefer to be able to prevent Portugal's admission (because of the confusion this will cause) and Spain's admission (because of competition of Spanish products) and they would like to do everything they can to spread out the real practical effects deriving from this admission--as regards the advantages for Portugal and Spain--as much as possible in terms of time. This is why it is almost the same to join the EEC in 1986 and to have a transition period of 10 years for the free travel of persons, for example, or to join in 1987 and have a period of 9 years.

It must also be asserted that we are going to be joining a club of countries which today is only a cluster of national egotisms, a mountain of insoluble problems, a ruinous common agricultural policy, where everything that signifies modernity has nothing to do with Brussels.

Having said this, we can now begin to justify the reason why we can say that the "statement of accord" is in the final analysis a statement of failure. It is just that first of all because this document does not strictly mean anything in negotiating terms. Saying that agreement was achieved on some matters and not on others; saying that there is a "firm objective" to the effect of enlarging the EEC as of 1 January 1986, saying that the process of Portugal's admission is irreversible--all that is, politically speaking, a smokescreen or somebody is taking us for fools; in politics, there is no such thing as irreversibility (even of nationalizations) and, worse than that, since there is as yet no agreement, it makes sense to talk of irreversibility only if it has been decided who is supposed to yield on the points on which it was impossible to agree; and of course the most complicated matters are those that were not agreed upon, whereas the "firm objectives" in this context are only eyewash.

In the second place, the failure springs from the fact that it was not realized that Mario Soares wanted this document to be signed as a real letter of intent which would signify a reciprocal commitment which however is subjected to subsequent legal-diplomatic and legal-constitutional processes. This was not obtained (in spite of the efforts made by the Portuguese government up to the last minute) and it is rather impudent to try to transform a failure into a success through a mere public relations operation.

In third place, the failure behind this document signing is due to the fact that there was a phase during which strictly nothing happened. This means that the "statement" is no good as a summary of a negotiating moment and it is no good as a memorandum to make the following meeting useful.

In fourth place, the failure is due to the fact that they accepted the kind of wording which (on the basis of the Portuguese text published in A TARDE) says that agreement has already been achieved "on a large number of chapters" and that negotiations are continuing with relation to "some important chapters." Any lawyer with even the slightest experience in negotiations would immediately have drawn his own conclusions as to the semantic meaning to be found in the "nuance" with which "important" or "importance" are used: the "statement" in the end says that agreement was achieved on many things but that the things that are important remain yet to be agreed upon! This has future negotiating effects that are unpleasant for Portugal.

Having proved that we are facing a "statement" of failure here, it remains for us to explain why signing this paper was a political mistake that can turn out to be very bad. This can be explained in just a few words. In any negotiating process, the big objective is to place the other party in a position in which it will be impossible for it to draw back and at which time begins to work against it. This is why it is always useful to generate, in

back of a negotiating team, an excessive sensation to the effect that agreement is possible so that one can also generate the conviction that it is not the stubbornness of the other party but the inability or the greed of the negotiators that creates the stumbling blocks.

These elementary rules were forgotten in an effort to obtain a short-term political advantage out of any document to be signed before the television cameras. Public opinion in the EEC countries will not see anything in the "statement" which probably deserves some special news coverage. But Portuguese public opinion will be more or less convinced that admission is now a fact. In this way, Portugal loses negotiating strength because Portuguese political leaders will feel that they will be penalized if, on 1 January 1985, we do not enter the EEC, moreover with haste, with false expectations, with anxious concern for domestic political objectives, with all the things that only add to the difficulties involved in resisting the ultimatums which the EEC is going to confront Portugal with.

After this signing, the situation therefore features a gratuitous weakening of the Portuguese negotiating position. That was noticed by the Spaniards who are inclined not to sign that document. All this confirms the fact that an administration that has lost its political pace, that is incapable of delivering on its promises, that is naive to the point of thinking that the EEC is something more than bureaucratized egotism, does not hesitate to advance carelessly by signing something merely in order to sign anything, thus causing a risk to the effect that we might be in a position where we have to accept everything in order to get in or to have the door slammed in our face. It would have been wiser not to generate any expectations and above all not to subordinate so serious a national issue to the mortgage of particular election campaigns and to the base interests of a team of political leaders who tend to confuse the national interest with personal political objectives.

The "statement of accord" is nothing and is no good for anything. Portugal will join the EEC on 1 January 1986 if an agreement can be worked out and no agreement will be achieved in order to be able to join on 1 January 1986. This is what we hope the Assembly of the Republic will declare--if possible, with the unanimity of all political parties--in order to correct, for the sake of the national interest, the error and the haste of the Mario Soares administration.

5058

CSO: 3542/43

SPANISH-FRENCH DIVERGE OVER IMPACT OF EEC ENTRY

Madrid ABC in Spanish 21 Oct 84 p 23

[Text] The trade balance deficit between Spain and France, aspects of agriculture, both bilateral and those pertaining to EEC membership, and fishing matters were the focus of the negotiations at the seminar of an economic nature.

In connection with the deficit, Miguel Boyer said that although it was not his problem, he recognized its existence. Subsequently he said that there is a tendency toward a reduction in the deficit in favor of Spain and that our country's membership in the EEC would affect the commercial balance situation for Spain adversely. "In the last year and a half we have been accumulating a reserve cushion of some \$1,500,000 to offset the negative effects of membership as far as possible."

French Minister of Agriculture Michel Rocard did not express agreement with Boyer's statements, but said that no reversal in the trend in the trade balance in favor of Spain has yet occurred, above all in the agro-nutritional sector. During this ministerial session, special importance was accorded to fishing negotiations, to the extent that Fernando Gonzalez Laxe, director general for fishing organization, and his French colleague held several meetings separate from the rest of the delegation, extending even into the early morning hours on Friday.

According to the statement made by Minister of Agriculture, Fisheries and Food Carlos Romero, there was agreement on a number of points, the system for mixed enterprises, bilateral fishing agreements with other countries and economic aid outstanding among them.

According to Carlos Romero, there were also differences resulting from internal agreements in the fishing sector among the EEC countries. ABC learned that during the talks, the relationship between the volume of the catch and access to Spanish markets and the dispute between Spain and France on the operation of Spanish vessels between the 6- and 12-mile limits were also analyzed.

With regard to agricultural subjects, Carlos Romero said that the participation of French enterprises in the Spanish agrofood sector and, more specifically, the possibility of the purchase of Carbonell by Lesieur, were discussed.

Other subjects connected with the farm sector which were analyzed included wine, olive oil and citrus fruit crops. The Spanish delegation insisted that the Community could not regard citrus fruits as sensitive products.

RISE IN FOREIGN INVESTMENT LINKED TO EEC ENTRY PROSPECTS

Madrid ABC in Spanish 15 Nov 84 p 70

[Article by Jose Maria de Urquijo]

[Text] Madrid--During the first 10 months of the year, the Ministry of Economy and Finance authorized a total of 1,460 foreign investment processes in Spanish branch companies involving a sum of 197 billion pesetas, as ABC learned from reliable sources. This percentage represents an 82.08 percent increase over the figure for the same period last year.

Within the same category, but reckoned in dollars, the increase stands at 64.55 percent. This same trend has occurred in the branches (without Spanish legal status), where there was an increase from 1.205 billion pesetas in 1983 to 3.444 billion in 1984; reflecting a 285.85 percent increment.

In the opinion of the ministry's experts questioned by this newspaper, the positive progress is directly related to Spain's future entry into the European Economic Community.

In most instances, the management of the foreign firms engaged in these transactions is aiming to intensify its strategy or to initiate a policy of becoming established in the Spanish market, with a view toward integration into the European markets.

As a result of this, and based on the total of 197 billion pesetas invested during the period from January to October, 68.44 percent of this sum was used for capital expansion, stock purchases stood at 23.93 percent, and, finally, 7.63 percent was used to establish new companies.

The sectors benefiting most from the multinationals' strategy were concentrated mainly in the areas of the precision metal machine processing industry (26 percent), followed by that of financial and insurance institutions (21.88 percent) and ending, in order of importance, with the hotel and restaurant sector (18.4 percent).

The resumption of private ownership of the Rumasa companies has had a major effect. The sale of the Atlantico Bank to an Arab group, as well as that of the Hotasa chain of hotels, purchased by a Spanish-Arab consortium, had a positive effect on the increment of their corresponding funds.

Insofar as the nationality of the foreign companies increasing their investments in Spain is concerned, the United States is still in the lead, followed by Germany and the United Kingdom. France, which traditionally held leading positions in the ranking, has yielded its status. The country which has increased its investments in its Spanish branches by a large percentage is Japan which, during the period from January to June of this year, made investments amounting to 11.55 billion pesetas. In this specific instance, the capital contributions which the Japanese of Nissan have made to their firm Iberian Motor, are noteworthy.

Investment Processes of Foreign Firms in Spain

(Period From January to June, in millions of pesetas)

Area	1984		1983	
	Amount	%	Amount	%
Agriculture	25,602.4	13.00	2,156.8	2.00
Energy and water	378.4	0.19	677.3	0.60
Chemical industry	16,677.4	8.47	18,401.4	12.01
Metal processing	52,578.5	26.70	35,295.5	32.64
Manufactures industry	17,042.0	8.65	11,721.5	10.84
Construction	3,195.7	1.62	2,183.6	2.02
Commerce and hotel/restaurant	36,363.6	18.47	16,377.7	15.14
Transportation and communications	309.0	0.16	389.5	0.36
Financial institutions	43,036.6	21.86	19,946.9	18.44
Other services	1,731.8	0.88	996.6	0.92
Total:	196,915.4	100.00	108,147.0	100.00

2909

CSO: 3548/47

BOYER ON ECONOMIC CRISIS, STRATEGIES FOR RECOVERY

Madrid DIARIO 16 in Spanish 18 Oct 84 p 17

[Text] Only private investment will make the development of reasonable employment levels possible, Minister of Economy Miguel Boyer stated yesterday during the inauguration of the Financial Analysts' Congress being held in Madrid. Boyer also announced that the government has the legislation on pension funds almost ready.

Generating jobs will only be possible with a substantial increase in private investment, and this can only come about if there are timely financing channels.

This statement was made yesterday by Minister of Economy, Finance and Commerce Miguel Boyer at the opening session of the 13th Congress of the European Federation of Associations of Financial Analysts being held in Madrid.

The minister said that now that the harder phase of economic adjustment is over, "one of our main concerns is not only to encourage private savings, but to direct it in special fashion toward risk capital, in order to balance the financial structure of enterprises and to facilitate the planning of new investment projects."

Boyer stressed the commitment included in the economic and social agreement (AES) with regard to increasing exemptions for underwriting stocks on the primary market.

The minister said that the draft law on pension funds, "which I hope the government will approve soon," has now been drafted. This will make it possible to create this type of collective investment bodies, which will generate a substantial investment flow toward the stock market.

Boyer stressed the efficiency of financial analysts in responding to the challenges the economic crisis has posed for almost all nations in the past 10 years, and he reviewed some of the effects of the crisis on the capital markets.

"The economic crisis," the economic minister said, "affected various countries unequally, causing a previously unknown variation in exchange rates, and this variability in monetary parity served to add further risks to international investments on the capital market."

He added that society now owes a debt of gratitude to the financial analysts, because "with the development of new financial formulae adapted to the crisis, they have continued to guarantee a constant flow of savings toward productive investment."

The minister also spoke of the development of the stock market in Spain, and he said that Spanish stocks felt the effects of the economic crisis intensively, to the point that stock quotations became the lowest in the Western world.

Beginning in 1983, the minister added, the Spanish stock market seems to have changed drastically. Stock quotations experienced a 92 percent increase and the volume contracted rose constantly, to the point of exceeding the lowest crisis level of 200.

In 1984 alone, he went on to say, the quotation index rose 51 percent, more than on any other Western stock market, while capitalization increased 36 percent and transaction volume 90 percent.

To a certain extent, Boyer said, the trigger was foreign investment, "as soon as the economic adjustment program implemented by the government had succeeded in reducing the rate of inflation, encouraging export to the point of achieving a surplus in the balance of payments for the current account and stabilizing the exchange rate for the peseta."

In the view of Miguel Boyer, these facts confirm that there is no better policy for encouraging investment than a policy of economic correction, accompanied by the action of social forces in the direction of moderation and responsibility.

The economic minister expressed the view that the holding of the congress in Madrid has special significance at the present time, when the final stages prior to Spanish membership in the EEC are being carried out. He said that in the financial sector, there are no discrepancies between the Spanish position and the Community offer which cannot be resolved.

He emphasized the open attitude of the Spanish market toward foreign investments, and he voiced his hope that these investments will reach the highest level of efficiency in the functional mechanisms of the capital market.

5157

CSO: 3548/21

'SONIA' INCIDENT SEEN AS GRAVE POLITICAL COMPLICATION

Madrid ABC in Spanish 21 Oct 84 pp 17, 24

[Text] Everything seems to indicate, according to sources familiar with Spanish membership in the Common Market, that the machine gunning of the fishing vessel "Sonia" by an Irish patrol vessel will cool off negotiations. Despite this, the minister of foreign affairs excluded the possibility that the incident will affect the Luxembourg meeting.

In the course of the final press conference at the Spanish-French meeting, Fernando Moran emphasized that this incident had not been the subject of talks, "since it is not a bilateral problem." On this subject, French Minister of European Affairs Roland Dumas explained that the event "serves to demonstrate the complexity of the fishing problem in all its aspects."

Moran said that "the Spanish government is not relaxing its efforts to protect the fishing interests of the country and its own fishermen, but at the same time it has an obligation to fulfill and insist on fulfillment of the constitutional norms and laws." Neither Minister Moran nor his cabinet colleague Carlos Romero explained whether the Irish note of protest on which there were reports throughout yesterday had been received as yet, nor whether the Spanish response, also mentioned, had in that case been dispatched.

Moran and Dumas, finally, agreed at that press conference on the statement that this kind of incident is not exclusive to the Spanish fishing fleet, but that such also occur among the member nations of the EEC.

The embassy of Ireland in Spain told National Radio that the "serious incident" will not affect the relations between the two countries, nor Spanish membership in the EEC. The Irish embassy gave assurance that the "Sonia" was fishing in the waters of the country it represents illegally, and that the patrol vessel fired 600 shots in all. This diplomatic establishment added that, at least during the weekend, no official communique from its government was expected.

Less Optimism for Luxembourg

Sources familiar with Common Market membership evidenced no doubt in stating yesterday, despite the calming words of Moran, that the coming negotiating session between Spain and the Community, scheduled to be held in Luxembourg next Monday, is not seen in the optimistic terms expressed yesterday by members of the executive branch. Minister Fernando Moran, who has been invited

to dine with his Community colleagues by the Irishman Peter Barry tomorrow, the 22nd, in an effort to ease membership negotiations, will face a difficult situation. It is very possible that the fishing vessel incident will be fully discussed by the two ministers in the course of this dinner, at which Moran will have to give his Community colleagues extensive explanations. It is not an idle statement, the sources mentioned said, to assert that the Spanish government must avoid deterioration in Spanish-Irish relations. It should be remembered, however, that Ireland has supported Spanish membership in the EEC, and that the recent visit paid by Spanish Prime Minister Felipe Gonzalez to that country served to strengthen the excellent relations.

Meanwhile, it is expected that the crew members of the fishing vessel will return to Santander at 9 am Monday. The Irish police, after interrogating three of them, released them without filing any charges. These fishermen are the crew members picked up by the German vessel "Atach," which took them to the Irish port of Waterford.

Incident Termed "Serious and Politically Ill-Timed"

The spokesman for the Ministry of Foreign Affairs, Fernando Schwartz, has termed the incident in which the Ondarroa fishing vessel "Sonia" was involved, during which it was fired upon by an Irish patrol boat, most "serious, regrettable and politically ill-timed." Minister Fernando Moran himself said in Barcelona, where he is attending the Spanish-French meeting, that the government is following the conflict with great interest.

Both Minister of Foreign Affairs Fernando Moran and Minister of Agriculture Carlos Romero are awaiting the version of the crew of the vessel which was attacked, and they are also awaiting receipt of an official note of protest the government of Ireland has said it is issuing.

The Irish government, for its part, has announced that it will send an official protest to the Spanish executive branch when all of the details of the event are available. Yesterday, Irish officials met to assess the situation and the implications resulting from the incident.

The captain of the "Sonia," Victor Uribe, and other members of the vessel's crew were questioned by the police at the port of Waterford, where they were taken on board the German container vessel "Achat," which rescued them in the early morning hours of yesterday. Sources close to the Irish police said that it is very probable that the captain of the "Sonia" will be charged with engaging in fishing activity without the proper license, for which he will certainly be fined, and also with repeatedly ignoring the orders to heave to issued by the Coast Guard.

The Irish naval authorities, on the other hand, doubt that the Spanish fishing vessel sank because of the shots fired upon it, and they stated that the majority of the shots taken by the ship's hull were fired from light weapons. They also added that the Irish patrol boat did not use a heavy machine gun which was mounted on board it at any time.

Indignation in Ondarroa

The report of the machine-gunning of the "Sonia" provoked a widespread feeling of indignation yesterday in the locality of Ondarroa, in Biscay, where the fishing vessel has its base. This deed was condemned energetically by the Basque government.

A spokesman for Ondarribitarra, S.A., the enterprise which owns the trawler "Sonia," termed the incident regrettable, and added that the consequences could have been serious for the 16 crew members on board. "Here," this spokesman told our correspondent Carlos Olave, "there is considerable talk of violence, but we see that many administrations implement it rapidly and without reflection."

In the early afternoon hours, the owner of the ship, Jose Cortazar, had been unable to reach the crew members by telephone. It was only through the respective consular officials that he was assured that the crew was safe and sound. The COFRADIA spokesman for the Ondarroa fishermen told ABC that "this type of incident could occur again in the future, but work is needed, and therefore the fishermen are ready to go out and work wherever there are fish."

Meanwhile, the return of the 16 crew members is expected tomorrow.

5157

CSO: 3548/21

SURVEY OF EXPORT RISE FOR FIRST 8 MONTHS

Madrid ABC in Spanish 22 Oct 84 p 40

[Text] The expansion of exports in the first two 4-month periods of this year has been the best news for the Spanish economy in recent years. According to the State Customs Office, the export of merchandise, valued in pesetas, grew by 41.4 percent in the first 8 months of this year, which when expressed in terms of dollars means a growth of 25.4 percent.

Since the dollar has risen in value by 12.8 percent during the period in question, a rate which is quite close to the domestic rise in prices of the exported products, it can be agreed that in view of the data from customs, real growth of exports was higher than 25 percent.

The Bank of Spain, which records real income derived from exports, puts income obtained by exporters in the same period of time at \$14.64 billion, a figure which comes to 92 percent of that calculated by customs. It is obvious that real income has to differ from the value recorded by the customs offices, because of the temporary imbalance between the operations of the office and the charging for the merchandise; also for exports on credit.

In any case, information from the register of the Bank of Spain shows a growth in dollars of income through exports of 14.2 percent, a circumstance which--together with the downturn in payments for imports and for interest on foreign debt and the increase of income from tourism--has caused a drastic change in the balance of payments in income account, which for the first 8 months registers a surplus of \$798 million, as compared with the deficit of \$2.76 billion calculated in the same period of 1983.

But the fact which we would like to emphasize is that the growth in Spanish exports this year has affected all the items on the tariff list. It is not true that the expansion of Spain's exports must be attributed to a limited group of products. It is of a general nature, and affects almost all entries.

In the attached chart the tariff sections have been collected into five groups. As the reader can confirm, the increases in exports range between 39 percent for the group of industrial raw materials and intermediate products, and 43.5 percent for consumer goods.

The favorable situation for Spanish exports has been helped by the international economic recovery, the expansion of world trade, and the depreciation of the peseta. The favorable exchange rate applied to exports, especially in the dollar area, has permitted the export of products which previously were not competitive.

It is quite possible that if the demand for consumption and investment had undergone some growth, exports would not have achieved the rates which we are now seeing. It means that the favorable rate of coverage of exports, which has been set at 81.8 percent of imports CIF in the period January-August, with a rise of 17 points over the same period of the past year, is not a figure which is firm and can be extrapolated for the future. The capacity to maintain the current healthy condition of our balance of trade when domestic demand reaches a reasonable level is one of the greatest challenges facing the Spanish economy in the coming years.

FOREIGN TRADE OF SPAIN (MILLIONS OF PESETAS)

	<u>IMPORTS</u>			<u>EXPORTS</u>		
	<u>Jan-Aug 1983</u>	<u>Jan-Aug 1984</u>	<u>% Vari- ation</u>	<u>Jan-Aug 1983</u>	<u>Jan-Aug 1984</u>	<u>% Vari- ation</u>
1. Foodstuffs	314,692	383,091	21.74	288,027	411,093	42.73
2. Raw Materials and Intermediate Products	512,445	633,202	23.56	564,150	781,833	38.59
3. Consumer Goods	268,332	302,119	12.59	282,940	405,896	43.46
4. Investment Goods	480,189	560,389	16.70	464,104	664,929	43.27
TOTAL	1,575,658	1,878,801	19.24	1,599,221	2,263,751	41.51
5. Energy	1,129,679	1,153,929	2.15	155,742	217,596	25.38
TOTAL (millions of pesetas)	2,705,337	3,032,730	12.10	1,754,963	2,481,347	41.39
TOTAL (millions of dollars)	19,570	19,454	-0.59	12,695	15,917	25.38

8131

CSO: 3548/26

FERNANDO ALBOR CALLS FOR REWORKING OF GALICIAN RECONVERSION

Madrid ABC in Spanish 15 Nov 84 p 33

[Article by Gerardo Fernandez Albor, chairman of the Xunta of Galicia]

[Text] I deem it necessary to publicize a summary of our position regarding the problem of shipbuilding conversion. The final decisions of the central government on what has been erroneously termed shipbuilding reconversion are about to be announced.

Hence it is necessary to embark on a series of considerations with the notion that some of them might still be taken into account, thus avoiding the consolidation of a process which, if it is carried out as proposed at present, would mean, in addition to an unforgivable affront, a major setback in Galicia's development of a centuries-old, traditional activity which has contributed to the increment in its industrial product, and therefore to its employment and standard of living, and should continue to do so.

It is a mistake in planning to attempt a shipbuilding reconversion by decree, without first ascertaining the courses of action for reindustrialization and allowing the business owners to pursue the most feasible ones voluntarily.

It is a mistake in planning to exclude, in an autonomous state, the communities engaged in devising the process, thereby violating both the Constitution and the Statute of Autonomy.

It is a mistake in planning to consider the shipbuilding sector merely as shipyards, tacitly leaving out all the small and medium-sized auxiliary industry and the services employing a large number of individuals, which have no alternate solutions.

It is a mistake in planning to initiate this process without simultaneously undertaking a plan to renovate our fishing fleet (the third-ranking in the world) and merchant fleet (95 percent of our foreign trade is conducted by ships); when both are at a high level of deterioration (46 percent are over 20 years old).

It is a mistake in planning to base the process on a structural reduction in our capacity, when the very reliable international agencies themselves (AMES-SAJ) which, in 1974, announced a sharp reduction in demand and were correct,

are the very ones that are now announcing a recovery, so that it is anticipated that, within 5 years, we shall reach the maximum limit of ship construction in the world.

It is a mistake in planning to have extended this process in a sector so typified by its privacy (there are very few ship operators and shipyards in the world), so that the demand has not reached Spain in recent times, with the serious insecurity as to whether its orders can be completed.

It is a mistake in planning not to have established in advance, as a basic, fundamental policy, "the maintenance of our share of the market," but rather, on the contrary, to have reduced our supply on behalf of competing countries, essentially those of the EEC.

It is a mistake in planning to have been recently lacking in financing and suitable premiums for ship construction, when it has been established that these are considerably smaller than those of our competitors, who are now preparing to receive the heavy demand that has been predicted.

If the process of reconverting the shipbuilding sector is completed as currently planned, the damage that this would represent for Galicia is unquestionable.

In the area of large shipyards (all state-owned), an attempt is being made to shut down the Astano. According to data from the INI [National Institute of Industry] itself, it has been this plant that has accrued the best economic results during the past 8 years, as well as having the greatest projection on the world market for large vessels; while the other large shipyards (AESAs), with three times more personnel employed than Astano has, have had five times more losses.

In the area of medium and small-sized shipyards, it is unquestionable that from a reading of the recent report from Sorena, one would infer that, in the feasibility studies, subjective criteria have been used to conclude that, of the 33 shipyards in this category, only three should close, and of that number two are in Galicia (Ascon and Vulcano).

In figures, the conclusions would be as follows:

Total employment in shipyards in Spain: 37,501.

Total employment in Galicia: 10,527 (28 percent).

The records based on the foregoing would be:

Total surpluses in Spain: 14,885.

Total surpluses in Galicia: 6,667 (45 percent).

All of this would entail a loss of 63 percent of the sector's employment in Galicia.

So, it is Galicia which is absorbing half of the cost of the process, and two of the best shipyards in Spain, each in its own specialty, would be shut down.

Is there any justification for this process?

Although the central government bears complete responsibility for the planning, monitoring and final execution of this regrettable process, the Galician government has adopted the following initiatives, as part of its policy for defense and development of industrialization in Galicia:

1. Filing of the appeals of unconstitutionality in the regulations which control the process, because they expressly disregard the Galician Statute of Autonomy.
2. Preparation of the texts entitled "White Paper on Maintenance and Development of Galicia's Industrial Capacity," and "Alternative Policy for Astano."
3. Preparation of the text (in addition to the two foregoing) entitled "Critical Analysis of the Reconversion Plan for Large Shipyards," all published before and during the process and delivered to the highest-ranking officials in the state administration.
4. Decrees of the Xunta on "Promotion of Ship Construction," and "Development and Promotion of Business Firms," where important measures are stipulated for the financially sound footing of the shipyards, based on their production, and for the creation and maintenance of new industries, as well as for procuring a demand for new investments.
5. Thanks to the warranted position of the Xunta, there has been success in eliminating the ceiling of 190,000 TRBC [dead-weight gross register tons] which it was attempted to set for small and medium-sized shipyards, thereby sizing them by controlling the supply and demand. It was impossible to achieve the same thing in the large ones; something which caused a direct rejection for the aforementioned plan.
6. The Xunta is about to publish a new text in which it will prove the effect that the closing of the shipyards will cause on the other economic and social sectors, thereby contributing once again to the failure to consolidate this process as it has been planned.

Nevertheless, there is a desire to cooperate on the part of the Xunta of Galicia, which has been expressed throughout the entire process through the preparation of plans aimed at making the plan to recover our shipyards viable; convinced that work and caution are the best weapons for embarking on a course of dialog between the two administrations. In that spirit of cooperation, and not edginess, I hope that the break in my silence will be interpreted.

2909
CSO: 3548/47

SEVERANCE BILL SEEN DESTRUCTIVE TO ALL WORKER BENEFITS

Istanbul CUMHURİYET in Turkish 25 Oct 84 p 9

["From the World of the Worker" column by Sukran Ketenci: "The Art of Revoking Rights"]

[Text] If the act of acknowledging a right in the text of a law while eliminating it in practice can be considered a special talent or a form of art, then the Draft Bill on the Severance Pay Fund can be said to have reached the zenith of that art form.

Article 12 of the bill begins by saying: "Workers whose service contracts are terminated for any reason and who have not yet completed one year of service are eligible for severance pay." You get excited and think that the bill expands the scope of severance pay benefits to include more workers than the current law does. However, Paragraph B of the same article adds that lump sum severance compensation will be paid only to those whose service contracts are terminated for reasons of "death, old age, retirement and disability" and that everyone else will be paid compensation for only the first 6 months of their unemployment in an amount that will not exceed 40 percent of the premium they have paid into the fund and on the basis of the minimum wage of the time.

This money will be given to the worker as a loan (in effect, a loan out of the worker's own pocket), and if the worker does not pay it back within 6 months after he gets a new job his former years of service will not be counted toward severance pay benefits. In other words, while the first part of the bill talks about the applicability of the right of severance pay for all instances of job severance, sentences skillfully inserted in later paragraphs take away the right of severance pay for many instances of job severance included in the scope of the current law. Because Article 24 of the new bill revokes all provisions in the current law regarding severance pay for those who have worked for less than 15 years, which is used as the basis for severance pay. The worker will thus lose his right to receive severance pay whenever he or she leaves work without notice for military service, child birth and instances covered by Article 16 of the Labor Law such as sickness, situations that are inconsistent with norms of morality or good will and other forcing circumstances. Severance pay rights will also be lost for severance cases which are governed by special laws or by provisions in various laws that mandate compensation.

You examine the draft bill from the beginning to the end, starting with the name. The name of the compensation to be given--and even the name of the bill--is "severance pay," but in practice the compensation given out is nothing but a loan which is lent at times of unemployment from the worker's paid premiums.

A right which was incorporated in our legal system by Law No. 3008 in 1936, which has been one of the most important privileges of our workers and which has been implemented and developed for so many years will thus be revoked in essence, function and meaning while remaining in force in name. Is it a coincidence that the bill converts severance pay into an "old age bonus" as proposed by the employers? (A joint report written by the Turkish Confederation of Employer Unions, commerce and industry chambers, the Association of Securities Exchanges and the Confederation of Tradesmen and Artisans proposed the reorganization of severance pay as "old age bonus.")

We find it interesting that whereas the last paragraph of the currently effective Law No. 2320 which revises severance pay regulations and envisages the establishment of a fund to guarantee severance compensation, the draft bill that has been prepared for this purpose revokes this law itself as well as other laws. It is even more interesting that the bill eliminates, at the stroke of a pen, a fundamental right which has been in effect for 48 years and which has become part of the workers' life without introducing any new provisions, such as job security and unemployment insurance, which we do not have in our labor legislation today and which would partly compensate for the loss of this right. Thus, if this bill becomes law the worker will lose not only his severance pay right which has become part of the labor structure of our country but also his job security, unemployment insurance and other benefits partly afforded to him by this right.

9588

CSO: 3554/32

SEVKET YILMAZ, OTHERS BLAST SEVERANCE PAY FUND BILL

Istanbul CUMHURIYET in Turkish 25 Oct 84 pp 1,11

[Text] In a stern statement about the Severance Pay Fund Draft Bill, Turk-Is [Turkish Confederation of Labor] leader Sevkett Yilmaz said: "If such attempts are made to revoke the worker's sole source of job security and his hopes for a secure retirement simply to appease an economically powerful small minority, confidence in the state and the government will evaporate." He added that if a half-century-old right is trampled upon, there will be neither stability nor any trust for laws.

Yilmaz emphasized that his organization was not informed about the preparations that were reported in the press and that sometimes they are finding it impossible to understand the stance of the government. He said that if the gains made by the workers in connection with severance pay are rolled back his organization will declare that situation as a "conspiracy against the worker."

In separate statements, various union leaders also harshly criticized the severance pay restrictions envisaged by the draft bill.

Meanwhile, TISK [Turkish Confederation of Employer Unions] Deputy President Metin Iplikci noted that severance pay is rooted in the Turkish labor laws, that it has been developed for the particular conditions of Turkey and that, therefore, it must be kept in place. Iplikci added, however, that the payment difficulties of the employers must also be resolved and that, to that end, he has proposed the establishment of special insured funds at the work place level.

Sevkett Yilmaz's Statement

"Turk-Is agreed to the establishment of a severance pay fund on two conditions: 1) Rights won by workers must not be touched; and 2) The workers' severance pay rights must be preserved and expanded. The answer to the question, 'Why a fund?' is obvious. The government has fallen behind in payments of severance compensation. Meanwhile, in the private sector workers are cut off from the compensation that is due to them through the use of mostly questionable bankruptcies and loopholes in existing legislation. It is the government's duty to guard a 48-year-old right. They said that they will find a solution by establishing a fund. We told them that we would accept a fund on two

fundamental conditions. The government cannot forget that point. If a half-century-old right is trampled upon or revoked rather than being defended, there will be neither stability nor any trust or respect for the laws.

"Sometimes it is impossible to understand the stance of this government. The issue was brought before the Labor Council and its views were requested. Pledges were given that rights that have been won will not be touched. Then everything was done behind closed doors. We were not told about the preparations reported in the press. If the gains made by the workers are rolled back and if it becomes impossible to preserve and to expand the right of severance pay, we will declare this situation as a conspiracy against the worker. We will go to every province and every work place and explain what was and is being done. There is a limit to everything. Attempts must no longer be made to play with the workers."

Iplikci's Proposal

TISK Deputy President Metin Iplikci noted that the system envisaged by the new draft bill is confusing and that the severance pay system which has been condoned by the workers and which has become rooted in our labor legislation must not be revoked. Iplikci said that employers are also against the idea of completely eliminating the right of severance pay, which has been developed for the particular conditions of Turkey, and that at the root of the problem is the task of finding a solution to the employers' payment difficulties. Insisting that it is essential to find a solution to the employers' payment difficulties, Iplikci explained his own proposal on the subject. According to Iplikci's proposal, the severance pay fund will be established at the work place level, and employers will be able to insure severance compensation.

Noting that severance pay performs the functions of unemployment insurance and compensation, job security and retirement bonus, Iplikci said that the institution of severance pay performs these functions well but that employers have become net debtors with respect to those who are working with severance pay benefits and that they cannot express that debt in their balance sheets.

Unionists' Statements:

Petrol-Is [Turkish Petroleum, Chemical, Nitrogen and Atomic Workers Union] leader Ibrahim Ozturk: "The draft bill is of a nature that completely eliminates severance pay which has been the workers' sole source of security in the past. By eliminating job security, the bill gives the employers the chance to lay off workers without any penalty. The administration of the fund has been organized in a very unfair manner. The money that will accumulate in the fund will serve no purpose other than rescuing financially troubled employers. The clause in the bill excluding workers with 15 years of service from the provisions of the bill is not a significant gain. Turk-Is must reevaluate this issue more carefully."

Hava-Is [Turkish Civil Aviation Workers Union] leader Ibrahim Ozturk: "The bill is dominated by the desire to create a new source of funds for employers suffering from capital shortages. The goal of preserving the worker's severance pay rights is completely ignored. The bill ends the power of severance pay to deter employers from firing workers. The bill's goal is to ease the condition of the employers rather than protecting the rights and interests of the workers."

Belediye-Is [Municipal Workers Union] leader Huseyin Pala: "The bill has many shortcomings. Firstly, what the worker will receive as severance compensation must be clearly specified. Setting this amount as a figure to be decided upon by the Council of Ministers depending on the conditions of the time is highly objectionable. Secondly, while we were waiting for some form of unemployment insurance, the bill envisages the use of severance pay as unemployment insurance. When a worker is unemployed he will be advanced part of the premium he has paid into the fund as a loan which will have to be repaid within 6 months after the worker finds a new job. Otherwise, the worker's former years of service will be cancelled. This is very unfair. It is almost like the repayment of a debt to a usurer. Thirdly, the bill requires employers to deposit the accrued severance benefits of workers with less than 15 years of service into the fund after a certain period. I do not know how employers will be forced to deposit these benefits--which total billions of Turkish liras--into the fund. Fourthly, there is the injustice in the envisioned administration of the fund. The fund must be administered by a democratically appointed council consisting of representatives of workers, employers and the government with the workers controlling the majority. Otherwise, the fund will suffer the same fate as the Social Security Organization within a short period of time, and the government may begin using the fund's resources to close the budget deficit. Also, the severance pay system performs the function of preventing unjustified worker layoffs. If this function is to be removed it is essential to introduce new legislation which will provide job security."

Deri-Is [Turkish Leather and Shoe Industry Workers Union] leader Yener Kaya: "The bill even revokes favorable provisions for workers in Article 14 of Law No. 1475 on Labor. Gains made through years of union struggle have been completely disregarded. If the bill becomes law in its present form, worker layoffs will increase. The bill has been prepared in accordance with demands that the employers have been making for years."

9588

CSO: 3554/32

PRIVATE SECTOR COMPLAINT OVER UNFAIR SEYDISEHIR PRICES

Istanbul DUNYA in Turkish 3 Nov 84 p 6

[Text] It is asserted that, on the aluminum market, the price policy of the Seydisehir Aluminum Factory -- of setting its charges to the private sector for aluminum ingots and semi-manufactures higher than prices it pays and those of world markets -- is creating unfair competition.

Rabak Director General Bahri Ersoz pointed out that, because the Seydisehir Aluminum Factory obtains aluminum ingots for the production of manufactured goods at cost, the prices of its products are low. He stated that the facility's prices for aluminum ingots and semi-manufactures sold to factories in the private sector are higher than prices on foreign markets. This policy of Seydisehir, he said, results in unfair competition on the domestic market. He stated:

"The Seydisehir Aluminum Factory is the only aluminum facility that produces ingots for the market. It obtains, at cost, the ingots it produces for use in manufactured goods. This is the reason why the prices of the manufactured goods it produces remain lower than those of the private sector. On another hand, when selling aluminum ingots to firms in the private sector, it also adds on a specified profit. This situation destroys the opportunity for producers in the private sector to compete on both domestic and foreign markets."

Meanwhile, Cuhadaroglu Aluminum Industry and Trade Corporation Director General Yenil Oktug, who proposes that prices of the Seydisehir Aluminum Factory and the private sector be identical, noted that, due to greater demand than in past years, there is an appreciable competitive environment among producing firms. He gave information, saying:

"There is absolutely no price difference among firms that produce manufactured goods for the market. Prices of manufactured goods produced by firms in the private sector are at the same level as the prices of the state sector. There is no competition on the market from the standpoint of price. There is, however, competition among firms from the standpoint of sales policies pursued in order to obtain a larger share of the market. Even if Seydisehir keeps its aluminum prices high, aluminum can be imported freely without customs fees. Producing firms have the possibility of importing aluminum ingots and paying no customs duties. In this way, they have the opportunity to compete with the Seydisehir Aluminum Factory."

Rabak Director General Ersoz, who asserts that he cannot compete with the Seydisehir Aluminum Factory in price even through importation, stressed that the importation of aluminum is allowed with no customs fees only when the Seydisehir Aluminum Factory is unable to meet the needs of the domestic market. Cuhadaroglu Aluminum Industry and Trade Corporation Director General Oktug noted that the prices of Seydisehir Aluminum Factory products have been raised by 7 to 10 percent since the first of the year and said that, in contrast, aluminum prices on the London market fell. Oktug pointed out that the Seydisehir Aluminum Factory pursues a policy of keeping price hikes lower than the inflation rate and emphasized that the difference between aluminum prices on the domestic market and on foreign markets is, in comparison with past years, gradually becoming smaller.

11673

CSO: 3554/40

PAKDEMIRLI ON ECONOMIC GOALS, PLANNING POLICY

Istanbul TERCUMAN in Turkish 4 Nov 84 p 5

[Article by Nursun Erel]

[Text] Ankara--Office of the Prime Minister Treasury and Foreign Trade Undersecretary Ekrem Pakdemirli stated that the primary goal for the economy in 1985 "will be to increase production and raise productivity on the domestic market." Pakdemirli, who noted, "We have now reached the limit in unrestrained importation. It is impossible to accomplish everything through importation," said that prices can only be lowered through an increase in production.

Pakdemirli asserted that a 40-percent inflation rate for 1984 is being anticipated, that the goal of 25 percent cannot be realized because "the government could not disregard the budget that was not its own," and that "bureaucrats' words were not heeded due to the pre-election atmosphere that existed during the first 3 months of the year."

Asked, "Why couldn't the 25-percent inflation rate targeted for 1984 be attained?," Pakdemirli replied:

"The reason for this is the deficit budget. This government did not draft the budget, but could not disregard it. If it had, it would have taken 3 months to draw up a new budget. Because of the pre-election atmosphere as well, various decisions would not have been made during the first 3 months of the year. Everyone was thinking about the election and could not spend much time on these decisions. Immersed again in the atmosphere of the general election, the government did not pay attention to what we were saying -- to bureaucrats, in other words. In every election, control is lost, and it happened this time as well. I, in the beginning, said that the inflation rate would be either 38 or 44 percent. Those were the lower and upper limits I cited. I said, if it was not, there was a mathematical error. The math would not be incorrect, we would, because it was understood that the lower limit would be around 40 percent."

Pakdemirli reported that bonds will continue to be given to contractors because of the treasury's shortage of cash and said that, because the amount of domestic indebtedness is increasing, an advertising campaign on television will be started. Pakdemirli stated, "The money coming in does not meet the money going out, and there

is no way to do so. We will borrow and once again close this gap. In other words, we will continue to issue bonds, and we will also continue to accept bonds from the market. I have prepared television advertising spots about bonds. Why? I owe producers and contractors. It is necessary for me to borrow again in order to pay them. That is why."

In response to the question, "Isn't it unfair competition to allow the treasury to advertise on the television screen and to prohibit banks from doing so?" Pakdemirli answered, "It is incorrect to say that only the state can advertise on television and banks cannot. It is, however, necessary to establish a tradition for this in the banks, because, in the past, they abused this, and all of us suffered. But the medium will not be closed to banks in the future."

Treasury and Foreign Trade Undersecretary Pakdemirli talked on the subject of the general goals of the 1985 economic policy:

"It is necessary to increase production and productivity in Turkey in order to reduce the cost of resources. Only then will it be possible to keep prices down. We cannot act more freely in importing. Under the import system, 90 percent of the goods were imported without constraints, and 10 percent were on the margin. You cannot play with this any further. Moreover, if you allow this 10 percent to be unrestrained as well, there can be no further effect. And, you cannot say that I will import everything, for there will be no end to it. Therefore, the fundamental slogan, henceforth, will be, 'There will be an increase in production and productivity at home.' We can only force prices down in this manner."

Undersecretary Pakdemirli, who stated that the importation of gold through the Central Bank will be allowed during this month, spoke on the topic of relations with the IMF, saying:

"We are accepting the IMF's recommendations if they seem right to us. If they do not seem right, we are not. We looked around and saw that everyone in the government believes in this policy, and we said that it is also all right not to reach an agreement with the IMF. This was my idea. In other words, I said, 'Let's not make an agreement with the IMF.' We told the IMF and it said, 'You are correct. It is also all right if we do not reach an agreement with you.' We will benefit in two ways by not concluding an agreement with the IMF. First, it will not be said abroad that 'they were in a difficult position and, therefore, made an agreement with the IMF.' Secondly, we will have proved our faith in ourselves."

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CSO: 3554/40

BRIEFS

NATURAL GAS SALES UP--Groningen, November 1--Total sales of Dutch natural gas rose to 55.1 billion cubic metres in the first nine months of 1984 from 53.1 billion cubic metres in the same 1983 period, Nederlandse Gasunie said today. Domestic sales rose to 29.3 billion cubic metres (26.8 billion) while exports dropped to 25.8 billion cubic metres (26.3 billion). Nederlandse Gasunie said exports for the full year were not expected to differ much from the 35.4 billion cubic metres of 1983. The increase in domestic sales was attributed to colder weather in the first half of the year, increased industrial production and substitution of gas for oil at power stations. Total domestic and export sales last year came to 73.8 billion cubic metres. [Text] [The Hague ANP NEWS BULLETIN in English 1 Nov 84 p 4]

CSO: 3600/4

RISE IN GASOLINE PRICES TO ADD TO GOVERNMENT COFFERS

Lisbon SEMANARIO in Portuguese 27 Oct 84 p 21

[Text] The state is currently collecting, on the price of gasoline alone, something like 42 million contos, as was learned from a specialized source. As a matter of fact, the price of 99 escudos which is still being charged for a liter of gasoline contains about 64 escudos in taxes and 35 escudos for the price of the gasoline as such, per liter, at the refinery.

As for the coming rise in fuel prices, we anticipate a substantial increase in the 64 escudos which the government is now collecting per liter. As we reported, gasoline will go up to 107 escudos or to 110 escudos whereas gas-oil will be close to 80 escudos.

These increases were already provided for in July when gasoline reached the current figure of 99 escudos and they did not go higher because some of the gas pumps do not have sufficient digits to show prices per liter in excess of 100 escudos.

During the summer, we had a tremendous phase of adaptation among a large part of the gas stations which either increased their pump counters by hundreds or which decided definitely on the digital display.

After the end of this phase and since the budget gap began to grow day after day, increases are coming at much shorter intervals, possibly in a matter of days or hours.

Portugal's annual gasoline consumption comes to 700,000 tons (which, multiplied by 64 escudos per liter, after adjustment, gives us the 42 million contos which the state collects every year).

Agriculture Subsidized With 3 Million

The price of gas-oil will in the near future go up continuously so that, in medium-range terms, it will reach the current gasoline price or somewhere close to it. When that happens, we will see the use of colored (green) gas-oil for agriculture whose price will be substantially lower than the price of ordinary gas-oil.

We recall that Portuguese farmers at this time are paying the highest price for gas-oil in Europe (about 60 escudos per liter) whereas highway travel, with identical prices, costs the least on the Old Continent. On the other hand, the farmers are getting the so-called gas-oil subsidy which last year went to about 800,000 farmers, amounting to about 3 million contos.

There is as yet no specific deadline for the effective introduction of green gas-oil in agriculture. A working group established in the Ministry of Agriculture is studying the entire process, from the cost all the way to the structure of the supply network which will have to be turned over to the minister this month.

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